



Daily Report

China

FBIS-CHI-88-127
Friday
1 July 1988

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FBIS-CHI-88-127

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United States & Canada

Shultz' Central America Trip Shows Policy Shift

OW3006143488 Beijing XINHUA in English
0609 GMT 30 Jun 88

["News Analysis: Shultz's Central American Trip: A Positive Choice (by Wei Guoqiang)"—XINHUA headline]

[Text] Washington, June 29 (XINHUA)—U.S. Secretary of State George Shultz left today for Central America to review U.S. policy towards Nicaragua.

Shultz's three-day trip, which will take him to Guatemala, El Salvador, Honduras and Costa Rica, comes at a time when the Nicaraguan contra rebels are demanding a renewal of U.S. military aid after a breakdown in peace talks between the Sandinista government and the contra rebels earlier this month.

The Reagan administration, which believes that any proposal for military aid would undoubtedly trigger heated debate in the Congress, has been hesitant to make any decision on the issue, but decided to send Shultz to the region to see what the United States can do.

White House spokesman Marlin Fitzwater said Tuesday that the administration's policy towards Nicaragua was going through "a period of reassessment." President Ronald Reagan would not decide whether to ask Congress to send more aid to the rebels until after Shultz returns Friday night, he said.

Shultz himself also told Congressional leaders Tuesday that his trip "is not a contra aid trip," but "a peace and democracy trip."

To some extent, the U.S. approach to dealing with the Nicaraguan issue at present differs from its past approach. Even a few weeks ago, Reagan attributed the collapse of the Nicaraguan peace talks to the lack of Congressional support for his military aid package. He said he was considering a new proposal for military aid to the contras.

Some U.S. Congressmen have hailed Shultz's trip to Central America, the first in two years, calling it "a major opportunity" and "an important step" for the administration to explore diplomatic options in Central America.

There are a few reasons for the shift in U.S. policy towards Nicaragua.

First, the peace accords reached by the five Central American countries last August call for an end to outside support for anti-government forces, including the Nicaraguan contras. Apparently, the U.S. Administration is

unwilling to continue doing something that goes against the will of the Central American countries, whom it considers as important to the U.S. interests in the hemisphere as the contras.

Second, after a six-year war in Nicaragua, senior U.S. Administration officials began to question whether the contras could win the war and leaned towards a negotiated settlement of the Nicaraguan issue.

Third, and most important, Democrats in the Congress have voiced their strong opposition to any military aid to the contras. With the presidential campaign under way, the Republicans, who hope to keep control of the White House for another four-year term, are reluctant to provide the Democrats with election ammunition by insisting that arms be supplied to a force that has no hope of winning a civil war in Nicaragua.

According to reports, current Vice-President and Republican presidential candidate George Bush has indicated that he wants to avoid a flare-up of fighting in Central America before the election in November.

Whatever the reasons for the policy shift may be, the shift to a diplomatic option itself contains some positive elements, some analysts here believe.

Nicaragua is a war-torn country where the people want peace instead of war. The disputes between the government and the rebels should be solved by the Nicaraguan people themselves through peaceful means.

Their peace talks in the past few months mirror the common aspirations of the Nicaraguan people. If the United States abandons its old policy of arming the rebels to fight against Nicaragua's Government and promotes the resumption of peace talks between the two parties, that will surely be helpful to the settlement of Nicaragua's internal problems.

Unfortunately, Shultz's Central American trip excludes Nicaragua. That seems illogical, since his trip is designed mainly to reassess U.S. policy towards Nicaragua.

To explain the reasons, some U.S. Administration officials argue that they fear the United States entering into direct discussion with the Sandinistas because it would undercut the contras in their negotiations with the Nicaraguan Government.

however, some Congressmen contend that Shultz should open discussions with the Nicaraguan Government, either on this trip or in the future.

Member of the House of Representatives David Bonior said, "If the administration is serious about moving forward with the peace process, it is important to talk to all sides."

Analysts still feel it remains to be seen whether Shultz's trip will indeed help bring the two sides in Nicaragua to the bargaining table.

Soviet Union

Hao Jianxiu Meets Soviet Delegation *OW3006122688 Beijing XINHUA in English* 1144 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—Hao Jianxiu, vice-minister of the State Planning Commission, met here today with a delegation from the Soviet State Planning Committee led by committee's Vice-Chairman A. Ifimov.

Arriving in Beijing today at the invitation of the State Planning Commission of China, the delegation is here to study China's planning of comprehensive consumption and explore possibilities of trade and economic cooperation with China in the light industry.

After the meeting, Hao held a dinner for the Soviet guests.

CPSU National Conference Continues

Gorbachev Submits Reform Plan *OW3006123288 Beijing XINHUA Domestic Service* in Chinese 1133 GMT 29 Jun 88

[Text] Moscow, 28 Jun (XINHUA)—Reporting at the 19th All-Union CPSU Conference of Party Delegates, which opened here today, Gorbachev, general secretary of the CPSU Central Committee, stressed that if the Soviet political system remains unchanged, the Soviet Union will not be able to accomplish the tasks of perestroika. Gorbachev provided the meeting with a broad program for a thorough restructuring of the entire Soviet political system.

Gorbachev pointed out: The "principal political successes" of Soviet reform during the past 3 years can be seen in the change of the entire social atmosphere, the actual implementation of the concept of reform, and the people's support for the policy of reform. However, reform has yet to eliminate the deep-rooted causes that obstruct social development in the USSR, it "faces many complex problems," and reform of the political system is the "key" to resolving all complex issues.

Gorbachev said: Reforming the Soviet political system lies essentially in handing over power to the people and their representative organs. In the name of the CPSU Central Committee, he proposed the creation of a new supreme organ—the Congress of People's Deputies—whose members would be elected once every 5 years. The congress would meet once a year to determine the most important issues concerning constitutional, political, social and economic matters. The congress would elect from among its members a standing body of the highest

authority—the Supreme Soviet with 400 to 450 members. Gorbachev also proposed the establishment of the office of the president of the Supreme Soviet. With greater authority than the chairman of the Presidium of the Supreme Soviet—a post to be abolished—the president would handle key issues concerning state domestic and foreign affairs, head the Defense Council, and recommend a candidate to head the government. Gorbachev also proposed that the Presidium of the Supreme Soviet would operate under the president of the Supreme Soviet, and that a Constitutional Supervisory Committee would be elected by the Congress of People's Deputies.

Gorbachev said: Correct distribution of powers in key sectors of the political system, especially the powers of the party and the state, is of principled significance. Life very sharply presents the task of restoring all powers of the people's soviets. He pointed out: The task of clearly defining functions between party and state organs should begin at the highest state levels. In future, the party Central Committee and Politburo will only operate as organs providing political leadership. The Supreme Soviet and the Council of Ministers should handle everything under their jurisdiction. From now on, party committees must no longer use resolutions to directly command state and economic organs and social organizations. The basic principle is: No decision on any state or economic and social issue should be made without the participation of the soviets.

Gorbachev added: It is very important to use party authority to enhance the role of the representative organs of the people—the soviets. The most realistic measure would be to recommend the first secretaries of corresponding party committees to serve concurrently as chairmen of soviets.

This proposal of Gorbachev, however, was challenged. Speaking at today's meeting, Abalkin, a noted Soviet economist and a staunch reform proponent, objected to the proposal that first secretaries of party committees should concurrently serve as chairmen of soviets. His viewpoint was warmly applauded by other delegates.

During the past month as the outlines of the conference of party delegates were widely discussed in the USSR, the term of office of party and government leaders was one of the topics of people's concern. As evident from Gorbachev's report today, no consensus of views has been reached on this issue. According to the general secretary of the CPSU Central Committee, some people believe that nobody should hold an office for three consecutive terms even under special circumstances, whereas some other people hold that only leaders of the highest power organs can do so. Furthermore, many people proposed that there should also be a limit to the term of office of personnel appointed and approved by soviets.

Gorbachev then stressed that Komsomol organs, trade unions, women's federations, and other mass organizations should play a greater role in social life in the USSR. He also proposed that these organizations' rights should be institutionalized by law.

In his report, Gorbachev also dwelled on such issues as improving the legal system, streamlining official organs, broadening local authority, adjusting interethnic relations, and safeguarding human rights. He said: The Soviet Union will fully protect and safeguard the Soviet people's rights and freedom, but doing what one pleases, irresponsibility, and immorality are incompatible with democracy. He criticized the recent acts of certain people who attempted to use their democratic rights to oppose democracy, abused democratization, attempted to redemarcate the boundaries of ethnic areas, and tried to set up opposition parties. Gorbachev said such acts are diametrically opposed to perestroika and run counter to the interests of the people. Gorbachev's criticism of certain phenomena that have appeared since glasnost received warm applause from the delegates.

All indications are that differences exist in Soviet society, and even within the CPSU, with regard to glasnost as well as the elimination of certain longstanding, conventional concepts concerning socialism during the course of economic and political reforms. In his report today, Gorbachev firmly refuted the view that the work of doing away with dogmatism during perestroika was a "bashing of the socialist principles and foundation," and "smearing the history of socialism." He pointed out that we have "no right to let glasnost be tripped by the rocks of dogmatism and conservatism, and by certain people's prejudices and ambition." He added that "this is relevant to the destiny of the state and socialism."

Although foreign policy is not one of the main topics of discussion of the meeting, Gorbachev stressed in his report the need to draw lessons from the errors made in Soviet foreign policy in the past.

Politburo Members Criticized

OW3006155688 Beijing XINHUA in English
1447 GMT 30 Jun 88

[Text] Moscow, June 30 (XINHUA)—Some Politburo members came under fire at the Soviet party conference today for their involvement in the past policy of stagnation.

Speaking during the conference debate, Vladimir Melnikov, party leader of the Komi Autonomous Republic, complained that perestroika has been too slow in its work.

"As the Central Committee theses for the conference were discussed, many communists and non-party people gave us an even more strongly worded mandate: those

who in the past actively promoted the policy of stagnation may not serve and work on the central party and government bodies now, at the time of perestroika. They should answer for everything and do so personally," Melnikov said.

Asked by Soviet leader Mikhail Gorbachev whom he had in mind, Melnikov replied: "I would apply this to Comrades Solomentsev in the first place, and to Comrades Gromyko, Afanasyev, Arbatov..."

Andrey Gromyko, Soviet president, and Mikhail Solomentsev, chairman of the Control Commission under the party Central Committee, are members of the Politburo, the policy-making body of the party. Viktor Afanasyev, editor-in-chief of the party daily PRAVDA, and Georgiy Arbatov, head of the U.S. and Canadian Study Institute of the Soviet Academy of Sciences, are members of the party Central Committee.

Yeltsin Speaks at Conference

OW0107121188 Beijing XINHUA in English
1145 GMT 1 Jul 88

[Text] Moscow, July 1 (XINHUA)—Former Moscow City Party Chief Boris Yeltsin today asked the delegates of the 19th party conference for his "political rehabilitation."

Yeltsin was the last speaker at the noon session of the conference today. He set forth his position on a number of aspects of perestroika (restructuring), the official Soviet news agency TASS reported.

Tass has not given details about Yeltsin's speech yet.

Yeltsin was removed from the first secretary of the Moscow City Party Committee on November 11 last year and then lost his another post as alternate member of the party Politburo three months later on charges of "avant-gardism".

Delegate Selection Viewed

OW2906131588 Beijing XINHUA in English
1232 GMT 29 Jun 88

[Text] Moscow, June 29 (XINHUA)—A senior Soviet party official said today that 63 percent of the delegates to the national party conference now being held in Moscow are members of party committees at various levels.

Georgiy Razumovskiy, chairman of the Conference Credentials Commission, told the morning session of the party forum that among the 5,000 delegates, 627 are party leaders of the union republics, regions, cities and districts.

Razumovskiy, party Central Committee secretary in charge of organizational work, said that almost one third of the delegates are workers (1,638), 866 are people engaged in agriculture, and 436 are representatives from the circles of sciences and creative intelligentsia.

The election of 43 journalists to the conference indicated the recognition of the role of the press in glasnost (openness), the Soviet news agency TASS quoted Razumovskiy as saying.

Among the delegates are members of 72 nations and nationalities and women account for more than a quarter of the total, the party official said.

The Soviet Union has over 100 ethnic groups. Women account for more than half of the country's population.

According to Razumovskiy, openness and democratization featured the election campaign held in the past few months.

Some articles in the Soviet press complained earlier this month that the results of the delegate election "are disappointing" and that "candidates were forced." They noted that many enthusiastic reformists were not elected.

Yevgeniy Razumov, first deputy chief of the party Central Committee's Organizational Department, in his interview with the party daily PRAVDA ten days ago described the delegates as "worthy communists" but admitted some "shortcomings and formalism" in the election in some party committees.

More on Bribery 'Scandal'

OW0107081188 Beijing XINHUA in English
0737 GMT 1 Jul 88

[Text] Moscow, July 1 (XINHUA)—The editor-in-chief of the OGONEK weekly, which broke a scandal that has whipped an uproar at the current Soviet Communist Party Conference, told delegates Thursday that four of them have been accused of having taken bribes.

Defending an article carried in the latest issue of the magazine alleging that several bribe-taking officials had been elected delegates because of the flawed election procedures, Vitaliy Korotich said the names of the four had been submitted to the conference.

Soviet television reported Wednesday that delegates were demanding that the conference's credentials committee, headed by Central Committee Secretary Georgiy Razumovskiy, examine the allegations and report the results to the conference.

The accused officials are mainly from Soviet Central Asian Republics, according to OGONEK.

When Razumovskiy told the conference Thursday that the procuratorial organ has made no decision to sue any of the delegates accused of bribe-taking and that the case needs to be further clarified, Korotich was asked to account for the OGONEK article.

He described as illogical the allegation that no one should be denounced unless sued and nothing should be reported unless denounced. Korotich urged that the case be cleared up so that either the alleged criminals or those who might have trumped up a false charge will be punished.

The clear-cut and straightforward remarks, unprecedented at a Soviet party gathering, have dominated the first three days of floor debate at the conference, the first in 47 years. 44 delegates have taken the floor and 261 more have asked to be heard.

At Thursday's session, one delegate suggested that former Moscow party head Boris Yeltsin, an outspoken supporter of Soviet leader Mikhail Gorbachev's reform drive, be allowed to speak to let delegates know whether he is a proponent of reforms or an advocate of stagnation.

Yeltsin's speech is expected to be among the most conspicuous and straightforward at the conference.

Yeltsin, who was ousted as Moscow party chief last November and dropped from the Politburo in February for reportedly having criticized conservatives and the slow pace of reforms, has already asked for the floor, according to a conference spokesman.

As delegates made their speeches, Gorbachev, who was seated behind speakers at the front of the Kremlin Hall, repeatedly cut in and asked questions.

When Vladimir Melnikov, head of a local party organization, said those who had "actively promoted the policy of stagnation" under former Soviet leader Leonid Brezhnev "should not serve and work on the central party and government bodies," Gorbachev asked the delegate to identify whom he had in mind.

Melnikov named four delegates, including Soviet President Andrey Gromyko and Mikhail Solomentsev, head of the party Control Committee, both Politburo members.

In response to a call by a manager of a broiler raising company at Stavropol, Gorbachev's native place, who said those against the perestroika drive should be purged from the party and pensioned off, the Soviet leader said that purges had been tried in the past and that, if the Central Committee begins a new one, "that will not work."

The manager, Viktor Postnikov, described Gorbachev as a "man of a humane character and a wish to re-educate all through humane methods." But Gorbachev told him that what was more important was that the "whole society should come out against bureaucrats."

Bureaucracy was the target of attacks by speakers. Some delegates urged that the Central Committee bridle the omnipotence of ministries. Worker and manager delegates demanded that ministries stop issuing mandatory directives.

As to the need for glasnost, or greater openness, no speaker argued to the contrary. Some called for more light to be shed on the inner workings of the Politburo, such as the division of work among its members.

One delegate called for a true account of why a top official is relieved of duties instead of using such words as "retired for health reasons," when the Soviet party and government announce the dismissal of him or her.

Investigation Called For

OW0107050688 Beijing XINHUA in English
0038 GMT 1 Jul 88

[Text] Moscow, June 30 (XINHUA)—The Soviet party conference today ordered a "thorough investigation" into a press report about bribe-taking among the conference delegates.

The issue was raised yesterday when a delegate from the Altai territorial party committee in his speech accused the weekly OGONEK (THE FLAME) of falsely claiming in an article that there are bribe-takers among the conference delegates. He demanded that the matter be investigated.

"The conference today intrusted the office of Public Prosecutor of the USSR to conduct a thorough investigation into the question" to find out whether the reported bribe-taking is authentic or not, the conference spokesman Yuriy Sklyarov told a press conference here this evening.

According to the spokesman, Vitaliy Korotich, editor of the journal and also a conference delegate, presented his explanations on the matter in today's session.

The editor said he had informed the conference presidium of the names of four delegates who were allegedly involved in the bribe-taking.

If the result of the investigation proves that the accusation by the article is false, he and the two authors of the article would bear the responsibility for slandering, he noted.

Inter-Ethnic Relations Viewed

OW3006143988 Beijing XINHUA in English
1200 GMT 30 Jun 88

[Text] Moscow, June 30 (XINHUA)—Armenia's party leader Suren Arutyunyan has called for a revision of the country's Constitution concerning inter-ethnic relations.

Addressing the party forum Wednesday, Arutyunyan said that "it would be correct if the conference recommends beginning to draft a new edition of the Constitution" because it was approved during the stagnation period.

He made the proposal when speaking about the inter-ethnic trouble in the enclave of Nagorno-Karabakh in the Transcaucasian Republic of Azerbaijan.

Armenians in Nagorno-Karabakh, who account for nearly 80 percent of the region's 180,000 population, demand the transfer of the enclave to the neighboring Republic of Armenia. Earlier this month, Armenia gave its consent to the demand while Azerbaijan rejected it.

According to the existing Soviet Constitution drawn up under the rule of Leonid Brezhnev in 1977, borders between the country's republics can be changed only when the republics concerned agree with each other and the Presidium of the Supreme Soviet of the country gives its affirmation.

Arutyunyan said it was wrong to attribute "the present-day explosive situation" in Armenia and Azerbaijan to the "actions by extremist groups only." Such a situation could have been avoided if the leaders of Armenia and Azerbaijan had taken timely measures to resolve the Nagorno-Karabakh problem, he said.

Former party leaders of both Azerbaijan and Armenia were sacked last month.

Arutyunyan favored the idea of setting up institutions to deal with inter-ethnic relations.

This idea was also supported by Azerbaijani party leader Abdul-Rakhman Vezirov when he spoke at the party conference.

He told the conference that the situation in and around Nagorno-Karabakh assumes a socially-dangerous character.

Hrant Voskanyan, chairman of Armenia's Parliament, said at a press conference here this morning that a compromise may be found to the Nagorno-Karabakh dispute.

S.A. Ambartsumian, rector of the Yerevan University in the capital of the Armenian Republic, disclosed at the same press conference that in addition to the demand for transfer, Armenians in Nagorno-Karabakh also

advanced other options, including placing the region under the temporary administration of the Supreme Soviet in Moscow, or being temporarily admitted into the Russian Federation.

Delegates from Ukraine, Latvia, Kazakhstan and some other union republics also called for effective measures to solve the deep-rooted problems in inter-ethnic relations.

The party conference is expected to adopt a separate resolution on inter-ethnic relations.

Temporary Measures Urged

OW3006145988 Beijing XINHUA in English
1220 GMT 30 Jun 88

[Text] Moscow, June 30 (XINHUA)—The president of Soviet Armenia's Yerevan University proposed temporary measures today to ease the on-going dispute over control of the Nagorno-Karabakh region.

University President S.A. Ambartsumian, a delegate to the Soviet Communist Party's 19th National Conference told a press conference here that the Nagorno region, scene of ethnic disturbances for the past several months, should be put under the rule of the central government or incorporated into the Russian Federation for the time being to prevent the region's troubles from worsening.

More than 30 people have been killed in five months of ethnic violence in the neighboring Soviet Republics of Armenia and Azerbaijan. The trouble is focused on control of Nagorno-Karabakh, an autonomous region in Muslim Azerbaijan dominated by Christian Armenians.

The Armenians have called for the disputed region's incorporation into Armenia, a move Azerbaijan and Central Soviet authorities have rejected. Ambartsumian suggested that if the Soviet Republics of Armenia and Azerbaijan cannot decide who should control Nagorno-Karabakh, temporary measures should be taken to stop the situation from deteriorating further.

Answering reporters' questions, Hrant Voskanyan, president of the Armenian Parliament disclosed that delegates from the two republics will meet to discuss the dispute during the party conference.

He said that local residents are ultimately responsible for solving the problem according to their ethnic right of autonomy, which is written in the Soviet Constitution.

The Armenian delegates said the troubled situation has not completely calmed down and about 3,000 people have moved away from the troubled area.

'Tense Situation' Seen

OW0107045988 Beijing XINHUA in English
0035 GMT 1 Jul 88

[Text] Moscow, June 30 (XINHUA)—An Azerbaijani leader today rejected Armenians' demands that Azerbaijan's Nagorno-Karabakh region be placed under the temporary administration of the country's Supreme Soviet or be admitted into the Russian Federation.

Sergey Ambartsumyan, delegate from Armenia to the 19th Soviet party conference, disclosed here this morning that in addition to the demand for a transfer to the Armenian Republic, Armenians in Nagorno-Karabakh also advanced other options including the two above-mentioned suggestions.

Commenting on the suggestions, Suleyman Tatliyev, president of the parliament of the Soviet Transcaucasian Republic of Azerbaijan, said at a press conference here tonight that these demands were "unfounded."

He told reporters that the Azerbaijani leadership sees the solution to the Nagorno-Karabakh ethnic dispute in the strengthening of the autonomy, development of the self-government in the region, as well as in the consolidation of the economy and in meeting fuller social and cultural needs of the population of the region.

"Vigorous measures are now taken for this purpose by the leadership of Azerbaijan and Armenia," he said.

Tatliyev, also a delegate to the party conference, admitted the tense situation in Nagorno-Karabakh but hoped that "everything will be normalized in the near future."

The Azerbaijani delegation to the party conference includes five communists from Nagorno-Karabakh. Asked why they did not come to the press conference, Tatliyev said that one of them had planned to attend but he felt ill this evening.

'Heated Debate' Noted

OW3006190688 Beijing XINHUA in English
1813 GMT 30 Jun 88

["Differing Opinions Means More Democracy at Soviet Conference (by Tang Xiuzhe)"]—XINHUA headline]

[Text] Moscow, June 30 (XINHUA)—There has never been a Soviet Communist Party meeting that has allowed such free airing of views and heated debate as the current 19th Soviet party conference here.

A variety of opinions has become a salient feature at the Kremlin conference. The pluralism is considered to be necessary for the party's reforms and also a way to push forward democratization and openness.

Immediately after V.V. Bakatin, first secretary of the Kemerovo Prefecture, spoke in support of Mikhail Gorbachev's keynote report to the conference, a worker named Vitaly Pereverzev from the same prefecture telephoned the Communist Youth League PRAVDA to criticize the first secretary for giving "full endorsement" to the conclusions of the report too quickly.

After Soviet economist Leonid Abalkin said at the opening day session that there has been no fundamental turn in the economic reform and the Soviet Union has not yet freed itself from stagnation, Georgiy Arbatov, head of the U.S. and Canadian Studies Institute of the Soviet Academy of Sciences, expressed his disapproval the next day by quoting facts illustrating profound changes in people's economic concepts.

There are also differing views concerning the term of office for the general secretary. Some favor three consecutive terms while others say two terms are already quite enough.

Some local cadres fully agree with the idea that first secretaries of local party committees should concurrently be presidents of the soviets. They say that this would facilitate problem solving. However, workers say that this would run counter to the principle of separating party leadership from government administration.

There are many examples of differing opinions at the party conference.

However, Gorbachev has repeatedly stressed that such pluralism must be "socialist pluralism" and must benefit socialism and the reform. In his report to the conference, he sharply criticized some people for "using democratic rights for anti-democratic purposes." When actor Mikhail Ulyanov tried to comment on the role of the press in his conference speech, Gorbachev put in, saying that mass medium should be reformed "on the basis of socialism." Economist Abalkin was criticized even though he had only very carefully asked "whether social life can be democratically organized under the conditions of one-party system."

Nevertheless, the party conference has taken a new step toward democratization and openness which will certainly exert an influence on the political and spiritual life of the Soviet Union. Pluralism will help move the reforms forward. However, some people still worry that more will be said than done. That is why Gorbachev was warmly applauded when he asked in his report, "What have you done for the reform?" This fully reflects the aspirations of the delegates.

Northeast Asia

Yang Shangkun To Head Delegation to DPRK
OW3006145688 Tokyo KYODO in English
1425 GMT 30 Jun 88

[Text] Beijing, June 30 KYODO—Chinese President Yang Shangkun will visit Pyongyang on September 9 as

head of a large Chinese delegation to attend ceremonies marking the 40th anniversary of the founding of North Korea, informed sources said Thursday.

A Chinese Foreign Ministry spokesman told a regular news conference that the names of leaders in the delegation will be announced shortly but did not confirm whether it will be led by Yang.

This is the first time in two years that a Chinese president will visit Pyongyang. President Li Xiannian visited there in October 1986.

Diplomatic analysts said Yang will be visiting North Korea at a time when relations between the two countries are reportedly at a low ebb and added whether Yang's visit is instrumental in improving their relations should be noted.

The analysts said Yang will also be visiting Pyongyang only days before the start of the Seoul Olympics.

China will send a large delegation to the games but North Korea has announced its intention to boycott it.

The informed sources ruled out a link between Yang's visit and the Olympics and said North Korea's national founding day and the Olympics merely coincide.

The sources said the delegation may also include Vice Premier Wu Xueqian, Foreign Minister Qian Qichen and other government leaders and party officials.

Relations between China and North Korea began to cool in September 1986 when China sent a large delegation to Seoul to take part in the Asian Games.

DPRK Protests U.S. SR-71 Intrusion
OW0107051288 Beijing XINHUA in English
1443 GMT 30 Jun 88

[Text] Pyongyang, June 30 (XINHUA)—A U.S. SR-71 high-speed, high-altitude reconnaissance plane intruded deeply over territorial waters of the Democratic People's Republic of Korea today, the KOREAN CENTRAL NEWS AGENCY reported.

The aerial incursion occurred off the east coast of Democratic Korea from 08:06 to 08:13, the news agency reported.

The United States has committed more than 30 espionage flights against Korea so far this year, the news agency said.

DPRK Condemns Increase of U.S. Troops in South
OW2806235388 Beijing XINHUA in English
0719 GMT 28 Jun 88

[Text] Pyongyang, June 28 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today condemned the increase of U.S. troops stationed in South Korea.

The DPRK's official newspaper "NODONG SINMUN" said in a commentary that the DPRK's consistent stand on the Korean issue is that reunification of the peninsula could only be achieved by peaceful means, not by war.

It was reported that the number of U.S. troops in South Korea stood at 47,992 in March, an increase of 4,100 over the year-ago level.

Mentioning the present anti-American struggle in South Korea, the paper said the United States could not escape from the condemnation by both the North and the South sides if it stands in the way of reunification.

'News Analysis' on Japanese Defense Chief Visit
CW3006091888 Beijing XINHUA in English
1730 GMT 29 Jun 88

["News Analysis: Japanese Defense Chief's First Southeast Asia Visit Unusual Move (by Zhu Ronggen)"]—XINHUA headline]

[Text] Tokyo, June 29 (XINHUA)—Japanese Defense Agency Director General Tsutomu Kawara embarked on an eight-day tour of Southeast Asia today amid speculations that Japan may boost its military presence in the Asia-Pacific region in the future.

Kawara is scheduled to meet with Indonesian President Suharto and Defense Minister Benny Murdani in Jakarta on Thursday and Singaporean Prime Minister Lee Kuan Yew and Defense Minister Goh Chok Tong in Singapore on Saturday.

A local newspaper described Kawara's Southeast Asia visit, the first by a Japanese defense chief since the end of World War II, as "epoch-marking."

Japan's diplomacy has been very active recently, analysts here noted. Prime Minister Noboru Takeshita attended the June 19-21 Toronto summit of seven major industrialized nations, and Foreign Minister Sosuke Uno just wound up his trip to four Mid-East nations including Israel, to which he is the first Japanese Cabinet member to pay an official visit.

Another prominent event was that a parliamentary delegation led by former Foreign Minister Yoshio Sakurachi called on the Hanoi-installed Phnom Penh regime in Kampuchea on June 23, with which Japan has no diplomatic relations.

Both Indonesia and Singapore are members of the Association of Southeast Asian Nations (ASEAN), which also includes Brunei, Malaysia, the Philippines and Thailand.

Every year, when the Japanese ordinary Diet (parliament) is over, Cabinet members decide on overseas tours they want to make. Why did Kawara choose ASEAN countries this time?

One reason for Kawara's trip is to assure leaders in the region that Japan will never become a major military power and that Japan's defense buildup policy will never lead to a military threat, according to Defense Agency officials.

There is still a persistent wariness among Asian nations toward Japan, which once invaded China and controlled the Southern Pacific islands before and during World War II, defense experts here said. Japan has beefed up its air and sea defense capabilities, committing itself to protecting maritime transportation lines up to 1,000 miles long off Japan's coast, announced in 1981 by the then Prime Minister Zenko Suzuki. This defense policy, regarded as expansion of Japan's military activities into the region, has caused concern among Asian countries.

In December 1986, the then Yasuhiro Nakasone government dropped a decade-long policy of holding down Japan's defense spending to below 1 percent of its gross national product (GNP).

Among the ASEAN members, Indonesia, Singapore and Malaysia have taken on joint responsibilities for defending the Strait of Malacca, a narrow strip of water through which about half of Japan's total crude oil imports from the gulf region are shipped. The waterway is often described as lifeline for Japan.

Local press reports said Kawara is interested in this move. A newspaper in Singapore expressed suspicion that Kawara's visit is also aimed at demanding stepped-up defense of the Strait of Malacca.

Another motive of Kawara's visit is to make an on-the-spot inspection of Southeast Asia and have a deep understanding of the military situation and defense affairs there by meeting ASEAN leaders and defense ministers. The locations of the ASEAN Countries have important geopolitical implications.

Kawara further hopes to discuss with the Southeast Asian leaders about Soviet military moves in northeast and Southeast Asia, particularly in Indochina, defense agency sources said. The Soviets, who have a naval base at Cam Ranh Bay, Vietnam, have reportedly built another base in South Asia.

Japan is also concerned with the security of Southeast Asia, a major supplier of oil, natural gas, timber and other raw materials. The region is also a large market of Japanese manufactured goods.

Japan will play a growing regional security role and is going to put "a lot more efforts" in protecting sea-lanes in the 1990s, defense experts predicted.

Japanese defense appropriations for fiscal 1988 are a staggering 3,730 billion yen (about 29 billion U.S. dollars at the current exchange rate), a 5.2 percent increase over the previous fiscal year, and this growth has alarmed the asean nations. So Kawara's explanation and assurance must be reinforced by significant facts and actions, analysts pointed out.

South Korea Frees 46 Political Prisoners
OW3006162888 Beijing XINHUA in English
0713 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—Seoul authorities today released 46 political prisoners from prisons throughout South Korea, according to reports from Seoul.

The prisoners were granted parole because they had repented for what they had done and promised not to violate the law again, officials said.

Among the freed was Kim Kun-tae, winner of the 1987 Robert F. Kennedy human rights award, who was sentenced in 1985 to five years' imprisonment for inciting unrest.

Meanwhile, 453 common criminals were also paroled today for good behavior.

Officials said the authorities will free more political offenders in the future if they "are eligible for parole and show repentance."

They said today's action left only 81 political offenders now in prison. The opposition claims that there are at least 400. There are some 480 more people awaiting trial for political offenses.

Southeast Asia & Pacific

Foreign Ministry Issues Statement on Cambodia
OW0107083388 Beijing XINHUA in English
0756 GMT 1 Jul 88

[Text] Beijing, July 1 (XINHUA)—Chinese Foreign Ministry issued a statement here today on the settlement of Kampuchea question. The statement reads as follows:

It has been nearly a decade since the military invasion of Kampuchea by the Vietnamese authorities. Vietnam's aggression constitutes a violation of the U.N. charter and of the norms governing international relations. It has not only caused a catastrophe to the Kampuchean nation but also great sufferings to the Vietnamese people. Besides, it has gravely affected peace and stability in Southeast Asia. The Kampuchean people's just struggle against foreign aggression has won extensive sympathy and

support from the people of the world and the international community. For each of the past few years, the U.N. General Assembly adopted, with an overwhelming majority, a resolution on "the situation in Kampuchea". Since the recent signing of the Geneva accords on a political settlement of the Afghan question, there has been an even stronger demand by the international community for a prompt Vietnamese troop withdrawal from Kampuchea and for an early settlement of the Kampuchean question.

It is the consistent view of the Chinese Government that the key to a settlement of the Kampuchean question lies in Vietnam's earliest possible withdrawal of all its troops from Kampuchea so that the Kampuchean people may decide their own destiny free from foreign interference. The Chinese Government has all along favored a political settlement of the Kampuchean question and supported all attempts and efforts towards a just and reasonable settlement of the question. At present, the parties concerned are seeking a solution to this issue. The Chinese Government is ready to help facilitate this process and hereby states as follows:

1. The complete withdrawal by Vietnam of its troops from Kampuchea at the earliest possible date is the key to a settlement of the Kampuchean question. The Vietnamese side should produce as soon as possible a timetable for its troop withdrawal from Kampuchea within a short period of time, a timetable which must be acceptable to all the parties concerned, and an agreement should be reached on such a basis.

2. We favor the establishment, with Prince Norodom Sihanouk in charge, of a provisional quadripartite coalition government in Kampuchea, while Vietnam withdraws its troops from the country. Each party's candidates for the provisional government should be proposed by the party itself and should also be acceptable to the other parties concerned.

3. Upon the establishment of the provisional quadripartite coalition government of Kampuchea, a freeze should be imposed on Kampuchean forces of all factions and these forces should refrain from getting involved in politics and interfering in the general election so that the Kampuchean people may conduct a free election without outside interference and threat of force.

4. Practical and effective international supervision should be instituted over Vietnam's troop withdrawal, the maintenance of peace in Kampuchea and the conduct of a free election. If the parties concerned succeed in reaching an agreement on a political settlement of the Kampuchean question, China will be ready to join other countries in an international guarantee for an independent, neutral and non-aligned Kampuchea.

SRV Military Commander in Cambodia Departs
OW0107011788 Beijing XINHUA in English
1109 GMT 30 Jun 88

[Text] Hanoi, June 30 (XINHUA)—Vietnam's commander in Kampuchea, General Le Ngoc Hien, along with other leading and staff officers left Phnom Penh by helicopter this morning for Ho Chi Minh City, Vietnam, Radio Hanoi said.

Vietnam announced last month the withdrawal of 50,000 troops, including the command, from Kampuchea by the end of this year, but refused to accept any international supervision.

Propagandizing the partial withdrawal as providing opportunities for a political solution to the Kampuchea issue, Vietnam has refused to negotiate its complete troop withdrawal from Kampuchea with the Coalition Government of Democratic Kampuchea headed by Samdach Norodom Sihanouk.

Observers here said Hanoi's recent propaganda of troop withdrawal and diplomatic activities are all attempts to free itself from an isolated position, with an actual intention of establishing a pro-Vietnam regime in Phnom Penh through political means, after its failure to eliminate Kampuchean resistance forces by military means.

Philippine Congressmen End Visit, Arrive Home
OW0107075788 Beijing XINHUA in English
1533 GMT 30 Jun 88

[Text] Manila, June 30 (XINHUA)—Philippine Senate President Jovito Salonga said here today the Philippine congressional delegation's visit to China "has been very significant because of its impact on the Philippines."

Salonga told reporters upon his arrival at the Manila International Airport this afternoon from a 2-week trip to China that the 14-member delegation, which he led, met with Chinese Premier Li Peng and other leaders.

He said that China has assured him and other members of Congress of noninterference in Philippine political affairs.

While in China, Salonga said, they learned about China's local governments and a lot about her foreign policies.

He noted that his delegation was invited by the National People's Congress to visit China as early as 2 months ago.

Representative Rodolfo Valencia, chairman of the House Committee on Housing, told reporters that China is willing to assist the Philippine Government in its low-cost housing programs.

"They would like to introduce their housing technology here if it's acceptable to us," he said.

Indonesian Trade Delegation Meets Counterparts
BK2806091288 Jakarta ANTARA in English
0817 GMT 28 Jun 88

[Text] Beijing, June 28 (ANTARA/OANA)—People's Republic of China's Ministry of Foreign Economic and Trade Relations is willing to enhance mutual beneficial direct trade relations between People's Republic of China and Indonesia through among other things an increase in the purchase of Indonesian commodities.

This was stated by the deputy minister of foreign economic and trade relations of the People's Republic of China, Lu Xuejian, at a meeting here with the trade delegation of KADIN Indonesia (Indonesian Chamber of Commerce and Industry), led by its General Chairman Sukamdani S. Gitosardjono, an ANTARA dispatch from Beijing said on Monday [27 June].

Lu Xuejian said, People's Republic of China's need of Indonesian commodities, among others rubber, palm oil, fertilizer, plywood, spices and other industrial products, should be utilized by the Indonesian entrepreneurs.

He said that direct trade between Indonesia and People's Republic of China has been increasing in the last three years, in particular after the signing of the Memorandum of Understanding (MOU) between KADIN Indonesia and the China Council for the Promotion of International Trade (CCPIT) in Singapore early in July 1985.

Although direct trade between the two countries has been increasing rapidly, various obstacles are still existing, however, among others the difficulty in obtaining Indonesian visa for the Chinese businessmen and the problem of examination of goods by SGS (Surveillance Generale Societe) surveyors.

The presence of the chief director of Sucofindo, the Indonesian surveyor firm in Beijing, might be able to overcome some of the difficulties.

Deputy Minister Lu Xuejian further hoped that Indonesia would buy more commodities from China, because according to him, the balance of trade between the two countries has so far been in favour of Indonesia.

The general chairman of KADIN Indonesia, Sukamdani S. Gitosardjono on the other hand said that People's Republic of China should increase its purchases from Indonesia, taking into consideration that in the last three years, the balance of trade between the two countries has been unfavourable for Indonesia.

Based on data from the Indonesian Central Bureau of Statistics, the value of Indonesian exports to People's Republic of China from 1985 through the first quarter of

1988 stood at U.S. \$667 million, while the value of Indonesian imports from China stood at U.S. \$1,075,000,000 or a deficit for Indonesia of about U.S. \$500 million.

In this connection, Gitosardjono hoped that the trade deficit between the two countries should not become a problem. Most important is raising the trade volume for mutual benefit.

If the trade deficit between the two countries becomes a problem, he said, direct trade between the two countries will never be enhanced, but will instead become even an obstacle, he said.

On the examination of goods by SGS surveyors, both sides agreed to meet international regulations and abide by the regulations of the respective countries.

The KADIN Indonesia delegation had previously held a meeting with the CCPIT chairman, Jia Shi, to discuss the possibilities of enhancing direct trade between the two countries.

KADIN Indonesia's delegation to People's Republic of China consists of 33 members and is scheduled to stay in People's Republic of China for three days.

XINHUA Interviews New Zealand's Moore
OW2906050388 Beijing XINHUA in English
1229 GMT 28 Jun 88

[Text] Wellington, June 28 (XINHUA)—With its economy heavily dependent on overseas trade, New Zealand will seek to broaden its exports outside the traditional range of agricultural and horticultural products "as a future priority," Overseas Trade and Marketing Minister Mike Moore told XINHUA recently.

In a letter responding to XINHUA's request for an outline of New Zealand's trading policies, Moore noted, however, that although 30 percent of the country's exports, contributing 29 percent of the gross domestic product (GDP) in 1986-87, were manufactured goods, agricultural exports such as wool, sheep meat and butter were still predominant and represented just under half of the country's receipts.

In the face of strong opposition from many trading countries which have erected barriers to protect domestic producers, he said, the government arrangements for international trade in agricultural products.

While the 12-member European Community remains to be New Zealand's largest trading partner, taking over 20 percent of its exports, the main objectives in Europe, he said, are first, to help broaden the relationship beyond its traditional focus on butter and lamb, secondly, to secure access for New Zealand's agricultural products, specifically butter, on as favorable terms as possible, and

thirdly, to influence the EC to reform its agricultural policies and in particular, its policies on surplus disposals in third country markets.

In the meantime, he noted, New Zealand would increasingly look to the countries and areas of the Pacific Basin where the bulk of its trade already lay. The United States, Australia, Japan and the EC now vie for the top four placings amongst New Zealand's biggest customers, accounting for between 14 to 17 percent of earnings apiece, he noted.

The development of these markets, as well as China, the rest of Asia and Oceania, he said, has resulted in close to two-thirds of New Zealand's exports going to the Pacific Basin.

New Zealand, he said, has developed close economic and trade relationship with North America and Japan in recent years. In 1986-87 the United States was New Zealand's largest individual trading partner, while Japan ranked second.

However, he noted, the number of quantitative restrictions on agricultural products imposed by both countries is of major concern to New Zealand.

Moore described New Zealand's economic relationship with near neighbor Australia as "also of first importance". The two countries have agreed to free up all trans-Tasman trade in goods and services by 1990.

Trading links with such markets as Mainland China, Hong Kong, Taiwan, South Korea and the ASEAN (the Association of South East Asian Nations) countries continue to expand and a significant volume of trade has developed, he stressed.

Together, Mainland China, Hong Kong and Taiwan now account for 6.7 percent of New Zealand's exports, while ASEAN takes 4.4 percent. China, he noted, ranked fifth amongst New Zealand's export markets in 1986-87 and was its largest market for wool.

The South Pacific has also grown as an export market of importance to New Zealand, he added.

On import trade, the minister said that programs were underway which would result in the end of import licensing for all but a few products by the early 1990's. A general program for tariff reform had been implemented with most tariffs on imported goods being cut in half over a five year period. The biggest cuts, he noted, would be to the highest tariff rates, thereby effectively achieving a more uniform tariff structure.

XINHUA on Guidelines for New Zealand Budget
OW3006041588 Beijing XINHUA in English
1424 GMT 29 Jun 88

[Text] Wellington, June 29 (XINHUA)—The New Zealand Cabinet has decided on urgent revisions of the already delayed 1988-89 budget because of advice from the Treasury early this month of an overestimation of revenue and underestimation of expenditure.

Announcing this to the National Press Club this afternoon, Prime Minister David Lange said the mistake has made the government face a "completely unacceptable forecast deficit of 3.2 billion New Zealand dollars (2.1 billion U.S. dollars) other than the previously advised figure of 1 billion dollars (0.67 billion U.S. dollars), an improvement on last year's 1.4 billion (0.94 billion U.S. dollars).

To allow the deficit to stand as such would "in every sense" be going backwards to what the Labor Government achieved when it took office since 1984 and would make the prospects of economic recovery "forever recede from us," he said.

The financial deficit in last year's budget dropped to 2.2 percent of Gross Domestic Product (GDP) as compared with 8 percent when Labor took over from the national government.

The prime minister said despite the setback, the government was determined to make sure that its deficit before borrowing would be about the same proportion of GDP as it was last year.

To achieve this end, he said, the cabinet has decided to introduce more "rigorous" cuts in government spending than previously intended.

But because of the "limits" on government action for expenditure cuts, the money thus saved "cannot possibly be enough" to make up the deficit forecast gap, he said.

Nor, on the revenue side, would some higher dividend flows that could be expected from the state-owned enterprises, he added.

The cabinet, he said, has agreed that, while some government assets would be sold this year, it could not use such sales as a means of avoiding facing up to its difficulties.

Proceeds from previous sales have been used to reduce New Zealand's public debt, which, although dropped by 9.3 percent from its last December level of 43 billion New Zealand dollars (29 billion U.S. dollars, was still standing at a high of 39 billion dollars (26 billion U.S. dollars).

The only significant options left, he said, was tax, which, after an overall review by the cabinet, would be subject to revision.

The additional amount the government was looking for from tax, he stressed, was a "very small fraction" of this year's total tax revenue forecast of 23 billion dollars (15.5 billion U.S. dollars).

"We shall get it without compromising the principles of the overall tax reform policy", the principles of which was that a broadening of the tax base allowed for a lowering of the rate, he added.

He said budget forecasting procedures would be reviewed and reformed. As a first step the cabinet had agreed to move the government's balance date from March 31 to June 30, which, he said, would allow forecasting to take more accurate account of the major tax flows in March.

He said overall the new budget would not involve radical shifts in policy. The course, he said, was "set" for a competitive and dynamic economy, which includes the further reduction of protection, the further reform of industry assistance, the reform of the regulatory environment, discouraging price fixing by professions and licensed occupations, encouraging efficiency in the public sector, and reducing the public debt.

A spokesman for the Finance Minister's Office told XINHUA today the date for the announcement of the new budget has not been fixed but possibly towards the end of next month.

Laos Holds 1st Nationwide Elections in 13 Years
OW2806135488 Beijing XINHUA in English
1511 GMT 26 Jun 88

[Text] Beijing, June 26 (XINHUA)—Laos held its first nationwide elections today since the formation of the Lao People's Democratic Republic nearly 13 years ago, reports reaching here quoted the official Lao news agency KPL as saying.

The agency said that voters cast ballots for 4,462 candidates running for 2,410 seats on district-level people's councils.

A total of 1,793,000 eligible voters—representing 47 percent of the population—cast secret ballots in the nation's 113 districts, the agency said.

The district elections are to be followed in mid-November by those at provincial and national levels while village elections are to take place later, according to Lao officials.

The highest-level elections will reportedly be for 79 seats in the Supreme People's Assembly, which was formed in December 1975 and assigned to draft a constitution and election code.

Near East & South Asia

Report Analyzes Pakistan's Sixth 5-Year Plan *OW2806201688 Beijing XINHUA in English* 0952 GMT 28 Jun 88

["Pakistan's Sixth Five-Year Plan To Conclude With Success (by Li Jiasheng)"]—XINHUA Headline]

[Text] Islamabad, June 28 (XINHUA)—Pakistan's Sixth Five-Year Development Plan (1983-88) ending June 30 can be regarded as a qualified success although the achievements have fallen short of targets because of resource constraints.

The period witnessed the completion of most major on-going projects and the implementation of a substantial package of policy reforms.

Before the commencement of the plan period the country's economy was highly regulated and excessively controlled. These controls and sanctioning requirements were reduced, however, during the sixth plan period. Industries were deregulated, energy and agricultural prices were rationalized while a liberal exchange and trade policy was pursued.

By the end of the plan period Pakistan is expected to achieve an annual average growth rate of about 6.3 percent, compared with a plan target of 6.5 percent despite adverse weather in the three years of 1983-84, 1986-87 and 1987-88.

The rate of inflation which had hovered around 8.8 percent in the fifth five-year period was controlled during the sixth plan to about 6 percent per year on an average.

While during the fifth plan the share of expenditure for rural development was only 17 percent, it rose to 22 percent during the sixth plan. Thus a major expansion in the pace of rural development was achieved through investments in physical and social infrastructure largely by readjustment of sectoral priorities.

On the other hand, the share of investment in the energy sector increased from 18 percent in the fifth plan to 32 percent in the sixth plan.

The revival of private investment, the share of which is likely to rise from 37 percent of total fixed investment in 1982-83 to 42 percent in 1987-88, was remarkable during the plan period. It reflected a major deregulation of administrative controls and sanctioning procedures and

the pursuit of a liberal exchange and trade policies was clearly visible. It is expected that about 84 percent of the private sector investment target would be achieved by the end of the plan period.

The country during these five years has maintained a reasonable external financial stability despite a six billion U.S. dollar shortfall from the targets in remittances and net aid disbursements, with an average current account deficit on the balance of payments of 3.1 percent of GNP, compared to 3.9 percent of GNP during the fifth plan period.

This was made possible by a healthy growth in export volume of 12 percent per year on average, compared with a target of 8.5 percent, and control of import growth to 5.1 percent per year on average, compared with a target of 5.5 percent per year, through demand management and successful import substitution particularly in energy.

Despite these accomplishments, the Sixth Five-Year Plan has a number of shortcomings, including the slow pace of structural change in key sectors such as agriculture, industry and exports and the absence of a major restructuring of the fiscal system.

Investment and saving also remained below the plan targets with serious shortfalls in resources both domestic and foreign for financing the public sector development programs.

During the later years of the plan, budgetary deficits also appeared to be expanding rather rapidly, which is likely to go beyond 8 percent of the GNP by the end of this year.

The government has begun taking measures to curtail the budgetary deficit by bringing down non-development expenditures and making more efforts to mobilize additional revenue and resources. In the newly published 1988-89 budget, for instance, the government has decided to overcome the problem of tax leakages which in recent years has become rather serious.

Afghan Leader Refutes Soviet Cruelty Charges *OW0107044288 Beijing XINHUA in English* 1437 GMT 30 Jun 88

[Text] Islamabad, June 30 (XINHUA)—A woman Afghan resistance leader has refuted Soviet accusation that the mujahidin (holy-war fighters) have inflicted cruelties on the Soviet soldiers.

The Soviet Women's Organization was reported to have issued a statement recently accusing the Afghan resistance forces of killing and detaining their sons and husbands.

In a press statement issued today, Fatima Yasir, president of the Afghan Women's Resistance Organization, said that the entire world has fully become aware of the atrocities committed by the Soviet troops over the last 10 years in Afghanistan.

Fatima invited the Soviet Women's Organization to visit the war ravaged Afghanistan and see with their own eyes "everywhere unforgettable evidence of genocide committed by Soviet troops and the devastation, death, and destruction that have been brought to the Muslim country."

She said, "It is the most shameful attempt of the Soviet women to accuse mujahidin and conceal the real facts."

The martyrdom of 1,300,000 Afghan people and the unending scenes of devastation of human dwellings can convince the world public opinion as to how much the Afghan masses have suffered from the Soviet atrocities.

Afghan Guerrillas Down Transport Aircraft
OW0107060688 Beijing XINHUA in English
1358 GMT 30 Jun 88

[Text] Islamabad, June 30 (XINHUA)—Afghan resistance forces have shot down another transport plane of the Kabul regime and killed seven Kabul army officers in the Khowst area of Paktia Province in eastern Afghanistan when it was airlifting supplies for the Kabul troops stationed there. According to Afghan resistance sources here today, more Kabul soldiers were also killed or injured in the attack, but the exact number is yet to be known.

The Afghan resistance forces had shot down a Kabul army transport plane earlier with 340 soldiers on board the plane killed in the same area when it was to land at Khost airport.

The Afghan resistance forces have been attacking the Khowst garrison in the past few weeks and the Kabul regime has been forced to provide supplies to the garrison by planes at night.

West Europe

CPC's Li Ximing Meets Norwegian Socialist Group
OW3006155988 Beijing XINHUA in English
0759 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—Li Ximing, member of the Political Bureau of the Central Committee of the Chinese Communist Party (CPC), met here today a delegation from the Socialist Left Party of Norway, led by Chairman Erik Solheim.

The delegation arrived here Tuesday at the invitation of the CPC, which established relations with the Norwegian Socialist Left Party in 1985.

Sino-Italian Economic Cooperation Meeting Ends
OW3006112688 Beijing XINHUA in English
0118 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—The China-Italy Committee on Economic Cooperation signed the minutes of its fifth session here today.

Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin and Italian Minister of Foreign Trade Renato Ruggiero signed the document.

Both sides expressed satisfaction with the development of Sino-Italian economic cooperation and trade in recent years.

The next session of the committee is scheduled to be held in Rome in 1989.

Economic News Service Expands to West Europe
OW0107015288 Beijing XINHUA in English
1226 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—A new economic information service focusing on China will be available to industrial, commercial, and financial circles in Federal Germany and other Western European countries starting July 1.

China Economic Information (CEI), a new undertaking by XINHUA NEWS AGENCY, is going to launch a regular service to Western Europe in cooperation with the United Economic Service, Ltd of the Federal Republic of Germany. The service will operate on a 5-day per week basis.

When official transmission starts in Western Europe, CEI will contribute information about the latest cooperation opportunities in China's open economic zones, economic development zones, and special economic zones, and information about economic and trade relations between China and Federal Germany and other West European countries. It will also provide 36 kinds of key economic statistics.

It will also cover business opportunities in the Chinese market, the investment climate in the country, the latest economic and trade activity, and laws and regulations.

This effort follows in the wake of CEI's successful transmission of economic information to Hong Kong which started on November 2, 1987, in cooperation with the Dialcom service of the Cable and Wireless, Ltd (Hong Kong).

CEI has since the beginning of the year provided consulting service to clients in the United States, Britain, Kuwait, and Hong Kong.

Sino-UK Joint Magazine To Publish in October
OW0107002388 Beijing XINHUA in English
1330 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—"JINGJI SHIJIE" (BUSINESS WORLD), the Chinese language edition of the London-based Third World magazine "SOUTH," will be launched in Beijing on October 5.

Humayun Gauhar, publisher and president of "SOUTH," and Rui Yuanru, director of the Home News for Overseas Service Department of XINHUA NEWS AGENCY, gave a reception here tonight to mark the forthcoming launching of the new magazine.

The 52-page new monthly will be a joint publication by "SOUTH" and the department of XINHUA, the first joint venture of its kind between XINHUA and a foreign publishing house. The new publication is also the first foreign language edition of "SOUTH." The English-language monthly was started October 1980.

The new magazine will include articles selected from the English version of "SOUTH" magazine on international business, finance, trade, science, and technology, plus a section on China.

East Europe

CPC Official Meets With Bulgarian Journalists
OW0107054888 Beijing XINHUA in English
1353 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—Media reform was the topic of discussion today as Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met with Bulgarian journalists, headed by Boyan Traykov, director of the Bulgarian Telegraph Agency.

Rui said the media reform entails widening news coverage and increasing information as well as using the media as a means of supervising the work of the party and government.

The reform should also include the efforts to improve the competency of journalists, Rui said.

The Bulgarian journalists came here as guests of the XINHUA NEWS AGENCY.

Yugoslav Party Names New Presidium Secretary
OW3006185888 Beijing XINHUA in English
1118 GMT 30 Jun 88

[Text] Belgrade, June 30 (XINHUA)—[name not provided by XINHUA] A member of the Presidency of the League of Communists of Yugoslavia, succeeded Wednesday night Radisa Gacic, who ended his term of office as the secretary of the LCY presidency.

The decision was announced in a session of the Central Presidency.

The 50-year-old Stefan Korosec, born in the country's Republic of Slovenia, joined the LCY in 1957. With a master's degree of economics, he had served in the government and party leadership in the Slovenian republic. He became a member of the LCY Presidency in 1986.

Latin America & Caribbean

Premier Wu Xueqian Meets Bolivian Journalists
OW3006045388 Beijing XINHUA in English
1431 GMT 29 Jun 88

[Text] Beijing, June 29 (XINHUA)—Chinese Vice Premier Wu Xueqian discussed China's economic reform and open policy with Jorge Canelas Saenz, director of the Bolivian newspaper "LA ULTIMA HORA", and his colleagues here today.

Later this afternoon, Tan Wenrui, editor-in-chief of the "PEOPLE'S DAILY," met with the Bolivian journalists.

The Bolivians have been here as guests of the "PEOPLE'S DAILY."

CPC Group Meets With Brazilian President
OW2906141188 Beijing XINHUA in English
0533 GMT 29 Jun 88

[Text] Brasilia, June 28 (XINHUA)—Brazil and China maintain common positions on most international issues, Brazilian President Jose Sarney said today in a meeting with a visiting delegation of the Communist Party of China.

Sarney stressed the importance of relations between the two countries, saying that the development of bilateral relations has broad perspectives in many diverse fields, especially in science and technology.

The delegation was headed by Lin Ruo, member of the Central Committee and secretary of the provincial committee of the party in Guangdong.

Sarney said cooperation between Brazil and China in science and technology will contribute to breaking the technological monopoly of the superpowers.

Brazil and China have reached a preliminary agreement to jointly launch two satellites before 1994, and that later China will help Brazil to manufacture rockets.

Brazil Plans To Buy Chinese Transport Planes
OW2906152188 Beijing XINHUA in English
0108 GMT 29 Jun 88

[Text] Brasilia, June 28 (XINHUA)—Brazilian Aeronautics Minister Brigadier Octavio Moreira Lima announced Monday that the Brazilian Air Force was interested in buying Y-7 twin-engine troop transport planes from China.

The minister disclosed that purchasing negotiations would start during President Jose Sarney's July 3 visit to China.

Moreira Lima, who will accompany the president on his trip, also said that apart from the Y-7s, Brazil wanted to cooperate with China in the construction of a satellite-launching vehicle.

"We have been negotiating the contract for this sector's technology transfer since 1985," he said.

First Sino-Nicaraguan Joint Firm Established
OW3006113188 Beijing XINHUA in English
0102 GMT 30 Jun 88

[Text] Managua, June 29 (XINHUA)—The first Chinese-Nicaraguan joint company was set up here Tuesday.

An agreement on establishing the "SINONICA" Company was signed by the China United Trading Corporation and Nicaraguan Immediate Services Company (SINONICA).

The company will sell various goods, principally Chinese, wholesale and retail, in Nicaragua and other Central American countries.

Additionally, company officials are studying the possibility of investing in construction works and industrial projects.

Chile To Increase Iron Ore Exports
OW2906144588 Beijing XINHUA in English
0204 GMT 29 Jun 88

[Text] Santiago, June 28 (XINHUA)—Chile's exports of concentrated iron ore will increase to 6.5 million tons this year with an additional purchase of ore from [as received] China and Qatar, Chilean Aceros Del Pacifico Company reported.

China's Bao Shan steel and iron plant in Shanghai is expected to buy 55,000 tons when a formal agreement is reached, the company said.

Qatar is to purchase 65,000 tons of iron ore from Chile, it added.

Japan will lead the list of previously established buyers of the ore by purchasing 4.7 million tons, followed by Federal Germany with an expected 821,000 tons.

Further Details on Guce Peasant-Police Clash
HK3006145088 Hong Kong AFP in English
1435 GMT 30 Jun 88

[By Patrick Lescot]

[Text] Fangshan, China, June 30 (AFP)—Practically the whole population of a village on the outskirts of the Chinese capital took part in a protest against pollution that turned violent and left at least 70 policemen injured, villagers said Thursday.

"The women and children left just before the police began beating people," an elderly woman in Guce village told AGENCE FRANCE-PRESSE moments before two plainclothes policemen arrived at her door to carry out an order that all foreign correspondents were to return to Beijing.

In the night of June 21-22, between 1,000 and 3,000 villagers clashed for several hours with several thousand police, reliable sources here said.

Sources agreed that the fighting was extremely violent and villagers said up to seven of their number had been killed in the clashes, which began after farmers staged a protest against the disposal of toxic waste into the Guce water reservoir from a nearby petrochemical factory.

The official Chinese press has made no mention of the incident, but the authorities said they would be holding a press conference Friday in Fangshan district, where Guce village is located southwest of here.

Observers said this indicated that officials viewed the incident as serious.

"They beat a 10-year-old boy whose body was later thrown into the canal and was found far away", the village woman told AFP, without giving further details.

"Everything that has been said about this incident is false," the two plainclothes policemen said. Asked for more information, the two men said: "No comment" and referred the questioner to authorities in the capital.

Several villagers had been questioned and were still being detained, including a blind man who claimed to have organized the demonstration, said other witnesses questioned by AFP.

The Guce reservoir, which provides the village with water for drinking and irrigating fields, is said by the villagers to be so polluted by waste from the nearby petrochemical plant that locals have broken out with a skin disease.

An earlier visit to the reservoir revealed that the water emanates a putrid odour and farmers said it had contaminated their crops.

Near the reservoir, a villager bared his chest and pointed to numerous red patches on his skin which he said had appeared a week ago. He said he had not yet seen the doctor.

Confronted by journalists who demanded to know why they could not continue with their work, the two policemen said authorization from Beijing was necessary for correspondents to be "warmly welcomed" in the Fangshan area, which is officially open to foreigners.

"There is pollution everywhere in the world, not only in China", they said, adding: "Even in your developed countries, you have not found a solution."

In the village and surrounding area, the people seemed occupied with their normal tasks. Several residents interviewed said they could not answer journalists' questions, with a gesture showing their hands had been handcuffed.

The Guce incident is one of the first cases in which locals have clashed with police over an ecological question in China, observers said.

Officials Minimize Incident

OW3006202288 Beijing XINHUA in English
1930 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—Local governments are taking measures to deal with the water pollution that perturbs some 4,000 farmers on the southwestern suburbs of Beijing.

As part of the compensation, pipelines have been laid to provide clean drinking water for the villagers, and 110 tons of flour has been distributed.

Local farmers' anti-pollution endeavor culminated in an action on the early morning of June 21, when hundreds of people from Guce village gathered at the dam of a local reservoir, trying to prevent reservoir workers from raising the sluice to let out excessive water, for they believed the water had been polluted by industrial wastes from the nearby Yanshan Petrochemical Corporation.

But the water level of the reservoir had reached 82 meters, eight meters above the warning level as it is now the flood season. The dam might collapse if the water was not discharged, for there were several leakages at the upper part of the dam. As a result the reservoir was endangering thousands of people and their property in Fangshan town as well as scores of villages down below.

To avoid such a mishap, the local government decided that the water should be discharged as was planned, and that compensating measures would be made.

After municipal and district officials took pains to explain the crisis to the farmers, most of them left the dam. The rest who refused to leave were led away by unarmed police, and the sluice was raised that morning.

Explaining the cause of the pollution, Situ Zexiang, vice-president of the Yanshan Petrochemical Corporation, said that his corporation had imported 45 million yuan worth of equipment for processing waste water. "But the new equipment is being installed to replace the old," he said. "Therefore, some of the waste water it discharged contained more pollutants than the amount permitted by the state regulations, thus polluting the reservoir and its surrounding areas."

He said that early this year the corporation, the China General Petrochemical Corporation and the municipal government had raised 165 million yuan to completely solve the Yanshan corporation's pollution problem.

Wang Zuosheng, Communist Party committee secretary of Fangshan District said that the municipal authorities have paid close attention to preventing pollution, and merged the Yanshan District, where the Yanshan Petrochemical Corporation is located, and the surrounding Fangshan County into a new Fangshan district in a bid to better the relations between the corporation and the surrounding rural areas and fight against pollution with concerted efforts.

Some foreign correspondents, Wang said, have reported that three local farmers were killed during the disputes. "That's not true. In fact, nobody was killed in the incident, he said.

It is learned that the municipal government has sent out two investigation teams to survey the water and soil in areas around the corporation.

The Yanshan corporation will further compensate farmers in polluted areas on the basis of investigation results and in accordance with relevant laws.

NPC Standing Committee Conducts Business, Ends

Adopts Military Ranks

*OW0107120988 Beijing XINHUA in English
1142 GMT 1 Jul 88*

[Text] Beijing, July 1 (XINHUA)—A set of rules on military ranks has been adopted today at the closing session of the Second Meeting of the Seventh People's Congress Standing Committee.

The new rules stipulate that there will be 11 military ranks which comprise senior general, general, lieutenant-general, major-general, senior colonel, colonel, lieutenant-colonel, major, captain, lieutenant and second lieutenant.

The eight-chapter rules include the establishment of military ranks, posts of officers, the conferring, promotion, demotion and deprivation of ranks.

The adoption of the new rules will put an end to the situation in which there were no ranks in the Chinese Army for the past 23 years.

China's old military ranks, which were enforced in 1955 and abolished in 1965, also included generalissimo, marshal and senior captain.

Approves Medals for Veterans

*OW3006152888 Beijing XINHUA Domestic Service
in Chinese 1109 GMT 25 Jun 88*

[Text] Beijing, 25 Jun (XINHUA)—The Second Session of the Seventh NPC Standing Committee today reexamined the "Regulations of the PRC Central Military Commission on Conferring the Chinese PLA Medals of Meritorious Services on Military Retirees" as requested by the Central Military Commission. The session also examined the Central Military Commission's views on revising the regulations.

In a motion concerning the regulations, Deng Xiaoping, chairman of the Central Military Commission, said: To commend military retirees' historical exploits, heighten their sense of honor and responsibility, and encourage them to continue to contribute to the armed forces' development and socialist modernization, as well as to strengthen future generations' concept of defense and encourage them to carry forward the revolutionary traditions and foster the good conduct of respecting revolutionaries of the older generations, the Central Military Commission plans to confer the Chinese PLA Medals of Meritorious Services on them during the forthcoming "1 August" Army Day.

Requested by the Central Military Commission to explain the regulations, Yang Baibing, member of the Central Military Commission and director of the General Political Department, said: The regulations were drafted on the basis of research, repeated deliberations and consultations, and solicitation of views of relevant departments, following the precedent of 1955 when the Chinese PLA personnel who had performed meritorious services during the Chinese people's revolutionary wars were decorated with medals of the state and foreign armed forces.

He said: Under the CPC leadership, and after going through a fighting course that lasted more than 60 years, the Chinese PLA has grown out of nothing and developed from a small and weak Army to a large and strong People's Army, which has produced a large number of long-tested veteran cadres who have made significant contributions to the founding and development of the Chinese Armed Forces; to the independence of the Chinese nation, the liberation of the Chinese people, and the founding of New China; and to the defense of the motherland and the modernization of defense. Now most of these veteran cadres have retired or left their posts for recuperation. The decision of the Central Military Commission to confer the Chinese PLA Medals

of Meritorious Services on them in recognition of their historic contributions is of great memorial significance. This can continue to heighten their sense of honor and responsibility, and encourage them to make new contributions to the military and socialist modernization. It will also be helpful for educating the future generations, heightening their concept of defense, and encouraging them to carry forward the glorious revolutionary traditions, foster the good conduct of respecting revolutionaries of the older generations, and intensify socialist spiritual construction.

Yang Baibing said: In view of the fact that the military retirees' contributions to the revolution vary, there will be three different types of medals, representing the different periods of the Chinese revolutionary wars. To distinguish the historical services of the retirees who joined the revolution during the first and second civil wars, the first type of medals are divided into two classes. The first type, called the Chinese PLA Red Star Medal of Feats and Honor, uses the design of red stars and sparks, symbolizing the spreading of the prairie fire of the revolution launched by Chinese workers and peasants under the CPC leadership. The second type, called the Chinese PLA Independence Medal of Feats and Honor, uses the design of the Great Wall, symbolizing the strong great wall the Chinese people built for national independence and resistance against Japan. The third type, called the Chinese PLA Victory Medal of Feats and Honor, uses the design of the Tiananmen and a sea of flags, symbolizing the birth of the new China and the people's jubilation of victory.

Vetoes Appointment

OW0107102988 Beijing XINHUA in English
0931 GMT 1 Jul 88

[Text] Beijing, July 1 (XINHUA)—The Seventh National People's Congress Standing Committee vetoed a nominated appointment at its second meeting here today.

It is the first time that a nominated appointment submitted for examination at the NPC Standing Committee meeting was vetoed in the annuals of the NPC Standing Committee meetings.

The nominated appointment was vetoed with only 73 pros, less than half of the total NPC Standing Committee members, which is 155.

The vetoed official was nominated by the Foreign Affairs Committee of the Seventh National People's Congress as its advisor.

Recognizes Need for Improvement

OW3006202688 Beijing XINHUA in English
1422 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—China needs to improve its parliamentary system so as to establish a real democracy and not just the illusion of one, a member of the National People's Congress Standing Committee urged today.

Hu Jiwei said the NPC should have its own institutes for gathering statistics and auditing government performance and not be left to rubberstamp the state economic plan and budget presented to the members for approval.

Hu said the NPC should only decide the posts of premier, chairman of the Central Military Commission, president of the Supreme Court and chief procurator of the Supreme Procuratorate, leaving candidates for all ministers to be decided by the State Council.

Although the NPC is not responsible for approving the appointment of ministers, Hu said, it has the rights to vote non-confidence in those who perform poorly.

Hu said the NPC's supervision over the government work is far from satisfactory. This is due to the substitution of the party for government, which turns the supervision over government to that over the party. The work is thus more difficult.

Hu believed that a lack of legal procedures is compounding the problems and so suggested that systems for addressing inquiries and making non-confidence motions should be implemented in the country's political activities.

These should be enshrined in China's constitution, he said, and ministers who receive votes of non-confidence should spare no time in resigning.

A research society should be set up under the NPC to promote the study of Chinese democratic theory, he said.

Member Urges Women's Rights

OW3006201088 Beijing XINHUA in English
1431 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—A Chinese legislator called today for more legal rights for women and children who make up nearly 70 percent of China's population.

Hu Dehua, a member of the National People's Congress (NPC) Standing Committee, said women are not free nor treated equally and children are not protected although both measures are guaranteed in New China's Constitution.

Hu was speaking at the on-going second meeting of the NPC Standing Committee.

She said that China's marriage law, passed more than 30 years ago, gives men and women the right to choose their own partner. Yet the evils the law tried to abolish—arranged and mercenary marriages, exchange and cross marriages—are still rampant today. There are even cases of women and children being kidnapped, she said.

Rural girls have less of a chance of getting an education than rural boys. In some remote areas girls can't even attend primary school.

Some township enterprises practise child-labor to the detriment of the children's health. In the cities pornography is poisoning children's minds.

Women find it more difficult to compete for jobs. Female university graduates often can't get jobs they would like and are qualified to do simply because they are women.

Hu noted there are fewer women leaders at decisionmaking levels. It is worse at the grass-roots levels. Only 6.14 percent of leaders in county levels and 3.51 percent in township levels are female.

She said Chinese women welcome reform and look to the changes to put them on an equal footing with men.

The NPC and the government should attach much importance to protecting legal rights of women and children, she said.

She suggested that a special commission for development of women and children should be set up under the State Council.

Discusses Curtailing Pornography
OW3006200988 Beijing XINHUA in English
1402 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—New laws should be passed to curtail pornographic publications in China, a member of the Standing Committee of the Seventh National People's Congress said.

The laws should be especially set to protect the nation's 500 million youngsters, Liu Yandong told the second plenary session of the congress today.

Liu said that the amount of pornographic material being sold at street book stands has increased markedly since March.

The literature is vulgar, tasteless and only tries to excite people through sensationalism and blue plots, she said.

Many are big sellers and have been turned out by state publishing houses, too, she added.

Liu said most of the readers are young people who are vulnerable psychologically and physiologically and this has generated concern among parents and the public.

Investigators have collected seven million volumes of 70 different titles that were published by 35 publishing houses.

"We encourage cultural exchanges with foreign countries and welcome good foreign literary works translated into Chinese," she said. "But they must be a good choice."

She stressed that sellers of pornography should be dealt with strictly according to the law.

Price Reform Means Increases
OW3006210188 Beijing XINHUA in English
1501 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—Price rises is the cost Chinese people must pay to win price reform, a legislator said today.

And any measures to retrench the price rises are simply "impractical," Li Yining, a member of the National People's Congress (NPC) Standing Committee said.

Simple retrenching can only slow price hikes for a time. But it can't stop it and in the end the retrenching may just make the problem worse, Li said at the second meeting of the committee currently under way here.

Yet Li, an economics professor at Beijing University, also felt an "all-round" open price system would be harmful and would lead to violent price hikes.

China's reform on prices can only be carried out in an organized, step-by-step way, he said.

Li said prices should be linked up with wages and that wages should depend on economic results of enterprises.

He said teachers and public servants can enjoy subsidies from the state but should also be given greater opportunities for promotion and salary increases.

Li said there was a need to change consumption funds into production funds by issuing long-term bonds with low interest and by commercializing housing.

He said the reform of the price system requires laws and regulations to protect fair competition and consumer rights.

Meeting Closes
OW0107104388 Beijing XINHUA in English
1015 GMT 1 Jul 88

[Text] Beijing, July 1 (XINHUA)—The second meeting of the Seventh National People's Congress Standing Committee ended here today after approving three motions concerning the Chinese Armed Forces and other documents.

The three motions concern rules on awarding honorary medals to retired army officers, regulations on military ranks of the People's Liberation Army (PLA) officers, and confirmation of the military ranks conferred during the period from 1955 to 1965.

Today's meeting also agreed on the report on 1987 final state accounting and the work plan of the NPC Standing Committee.

NPC Chairman Wan Li delivered a speech at the closing ceremony which was presided over by Vice-Chairman Peng Chong.

The meeting also approved some appointments and removals.

RENMIN RIBAO Urges Dedicated CPC Membership
*OW3006221988 Beijing XINHUA Domestic Service
in Chinese 1713 GMT 30 Jun 88*

[Text] Beijing, 30 Jun (XINHUA)—RENMIN RIBAO editorial: "Communist Party Members Must Always Bear in Mind Their Own Mission"

The CPC has traversed an unforgettable course through 67 years. This 67-year path is not smooth. It has gone through several different stages. During the 10 years since the 3d Plenary Session of the 11th CPC Central Committee, the party has led the people throughout the country to take the path of building socialism with Chinese characteristics, scoring achievements which attract worldwide attention. This is another glorious chapter in the party history. The broad masses of Communist Party members have made positive contributions in this connection.

Right now, China's political and economic situation is fine in general. Its reform has also reached a crucial moment. We are faced with extremely difficult problems such as price and wage reform. In the course of solving these difficult problems, we will incur tremendous risks. However, we cannot avoid the barriers or make a detour, and we must cross these barriers in order to thoroughly throw contention to the winds, develop the socialist commodity economy, and vigorously promote the productive forces. The broad masses of workers, peasants, and intellectuals resolutely support the reform, although people have a lot of complaints about various problems such as price increases. The developing situation demands that we take full account of our achievements in carrying out reform, realistically make a concrete analysis of existing problems, be mentally prepared for the difficulties and contradictions we encounter during the crucial stage of reform, unite with all the people in the country to work with one heart and one soul, follow the policy decisions made by the central authorities, do pioneering work with arduous efforts, pass through the crucial period of reform, and gradually establish a new order of the socialist commodity economy.

To break through the barriers in carrying out reform is not only the task for the party and state leading organs but also the joint task for the whole party and all the people in the country. To make concerted efforts constitutes an important condition for breaking through the barriers. We need a core in order to work as one. Only

when we have a core can we effectively combine all the forces. The Communist Party of China is the force at the core to lead us in promoting our cause. The strength of the party's cohesive force is determined by whether the party's line, principles, and policy are correct and whether the Communist Party members can bring into full play their exemplary vanguard role. Right now, the issue concerning the exemplary vanguard role of the party members is a key issue of great significance.

From his first day of party membership, every party member is constantly being tested. The time is different, and the tasks are different. The tests are also different. The 13th CPC National Congress pointed out: Right now, we must stand the test of power and the test for reform and for opening to the outside world. This inference is completely correct.

It should be reaffirmed that the majority of party members and leading cadres with party affiliation have always borne in mind the glorious mission of the Communist Party members, displayed their exemplary vanguard role well in carrying out reform and opening to the outside world, added luster to our party, and helped the party strengthen its cohesive force. However, there are also a few party members, including leading cadres with party affiliation, who cannot withstand the test of power and the test for reform and for opening to the outside world. Instead of using the power in their hands to bring benefit to the people and work for the interests of the state, they use their power for personal gains, abuse their authority, and neglect their duties. At a time when the new system is replacing the old, they have tried 1001 ways to avail themselves of loopholes; engaged in embezzlement and theft, smuggling, trafficking in smuggled goods, bribery, and extortion; committed crimes in the course of enforcing law; and amassed ill-gotten wealth for themselves instead of working hard to keep forging ahead, boldly carrying out reform and striving to make even greater contributions for the state and the people. Obviously, these people have completely lost the moral character that a Communist Party member should reflect. It is impossible for them to increase our party's cohesive force. They can only create a centrifugal force. There are also some party members whose revolutionary will is waning. For a long time, they have not fulfilled their obligations as party members, worked for the party, or helped the party to get over difficulties. Such party members have been disqualified. They, too, are unable to help increase our party's cohesive force.

The strength of a political party and the role it plays are determined not by the number but by the quality of its members. Our party membership now numbers more than 47 million; however, as far as quality is concerned, there are problems that cannot be ignored. Cadres and people both inside and outside the party often talk about such problems. To enable the party to always maintain its character as the vanguard of the proletariat and its strong cohesive force, it is imperative to resolutely implement the principles of being strict with party

members; enforcing rigorous party discipline; expelling from the party corrupt elements who have done harm to the cause of the party and the people; and never tolerating or conniving with their wrongdoing—principles which were laid down at the 13th party congress. Party members who have failed to fulfill their duties and play their role and who have failed to mend their ways after receiving education should be persuaded to withdraw from the party, or their names should be removed from the party rolls.

In the new situation in which we are developing an increasingly open economy and invigorating it, the question of party members and cadres being honest has become more and more conspicuous, a question which has a bearing on whether the people are for or against our party and whether or not we can succeed in reform. In the entire process of reform and opening to the outside world, we must be firm in two aspects—we must be firm in carrying out reforms, opening to the outside world, and bringing about economic prosperity; and we must be firm in maintaining our honesty and preventing corruption. All communists who work in party and state organs, especially those in leading positions, should take the lead in observing law and discipline to the letter and should never distort justice to take a bribe; they should perform their duties conscientiously and impartially and never abuse their power to seek personal gains; and they should work hard and never indulge in extravagance and waste. They must honestly perform their official duties in order to win the wholehearted support of the masses and remain in an invincible position.

Abandoning our lofty and common ideals is the root cause of the failure of a small number of party members to stand the test of the new situation and to honestly perform their official duties. Since we are in the initial stage of socialism, we must proceed from reality to think over problems and handle affairs; we must not daydream or do anything impractical ahead of time and space. However, while not daydreaming, we should stress ideals. In all circumstances, the ultimate aim of our party is to realize the communist social system, which will not be changed, and the purpose of our party to serve the people wholeheartedly, which will also not be changed. A communist should have a clear sense of being a party member, always keep in mind his status as such, and struggle for the communist cause all his life. Proceeding from such an understanding, a communist should be aware of his mission and have a clear-cut pioneering spirit of devotion in carrying out reforms, opening to the outside world, and realizing the common ideal of the people of all nationalities in our country at the present stage—to make our country a powerful, prosperous, democratic, civilized, and modern socialist state. Communists should do better in fostering lofty ideals and morality, becoming educated, and observing discipline.

At this critical moment when reform is deepening, all communists should firmly bear in mind their historical mission and show the people with actual deeds that

Chinese Communists are always a trustworthy backbone force on the great march toward "the four modernizations and revitalization of China" and that they will make fresh contributions to the prosperity of the country and the people.

Dailies Call on CPC Members To Combat Corruption
HK0107122988 Hong Kong AFP in English
1220 GMT 1 Jul 88

[Text] Beijing, July 1 (AFP)—The PEOPLE'S DAILY, marking the 67th anniversary of the Chinese Communist Party, called Friday on its 47 million members to combat corruption within their ranks.

In a front-page editorial, the party newspaper said a minority of members have been taking advantage of their privileged status by engaging in smuggling, bribery, blackmail or other illegal acts.

"We must clear out corrupt elements who ruin the party, and persuade members who do not carry out their duties to act differently or dismiss them from the party," it said.

It added that Communist Party members should promote reforms and seek "socialism with Chinese characteristics"—a pet phrase of senior leader Deng Xiaoping.

"Remember that you are a party member, fighting to realize communism," it said.

The Chinese Communist Party held its first national congress in secret in a tiny Shanghai school on July 1, 1921. Thirteen delegates attended, including Mao Zedong. The meeting had to be concluded in a boat on a nearby lake for fear of police intervention.

The intellectual GUANGMING DAILY followed on the corruption theme, saying clean government was "really a very, very important problem at this time."

"If there is anything that could undermine our cause, it is surely this type of phenomenon of corruption within different levels of government," it said, appealing for "simple living" in state administration and the party.

The ECONOMIC DAILY called for greater discipline in the Communist Party and better education for its members at a time of "risk" in price, wage and labor reforms.

Commentator's Article Reviews Party Style
HK0107073188 Guangzhou NANFANG RIBAO
in Chinese 29 Jun 88 pp 1, 3

[Commentator's article: "Should We Restore the Conditions of the 1950's or Improve Things to the Level of the 1980's—Discussing Party Work Style on the Eve of the Party's Founding Anniversary"]

[Text] The party style issue is a subject often discussed by people. Some people said: As we are developing a commodity economy now, it is impossible to restore the

party style of the 1950's. Such people in fact thought that while the commodity economy is developing, it is impossible to set aright the party style; and only by returning to the product economy of the 1950's (which was in fact a natural economy) can we rebuild a good party style. This idea is not a scientific one.

What is the party style? It is the work style and general conduct of the party, and it is the demonstration of the party's character. The party style reflects the quality, mental condition, and world outlook of a political party. Comrade Mao Zedong said that the fine traditional style of our party can be summarized into three major points: the combination of theory with practice; close ties with the masses; criticism and self-criticism. How should we evaluate the current conditions of the party style? Since the 3d Plenary Session of the 11th CPC Central Committee, the party has established the ideological line of emancipating people's minds and seeking truth from facts, and put forth the theory about the initial stage of socialism. This was the result of combining theory with practice. As for relations between the party and the masses, the party has strengthened democracy in its internal political activities, and has led the whole nation to open a new era of building socialist democratic politics. In the course of reform and opening up, the party respects the wishes, selections, and creativity of the masses. The principles and policies formulated by the party all represented and came into line with the demands and desires of the masses. This is the concrete demonstration of the party's close ties with the masses. As for criticism and self-criticism, the 6th Session of the 11th CPC Central Committee adopted the "Resolution on Several Historical Problems in the Party Since the Founding of the PRC" and made serious self-criticism against the long-standing "leftist" errors during and before the "Cultural Revolution." After that, the party continued to correct earnestly the "leftist" mistakes in its practical work, and put forth and adhered to the two basic points of the basic line. This thus brought about a period in which "the national economic strength grew at the quickest speed, and the people gained the most benefits since the founding of the PRC." Therefore, in the 10 years following the third plenary session, although various problems existed in the work style of the party, we should say that the party style in this period was in the best condition if we view the mainstream and the general condition.

Then, why were the masses so strongly resentful about the condition of the party style? This contradiction can be vividly described by a popular saying: "People eat meat when they hold up their bowls, and still utter swear words when they put down the chopsticks." When they "eat meat," they are sincerely thankful to the party's correct leadership, but when they "utter swear words," they express their hatred against bureaucratism, the corrupt practice of seeking private gains by making use of official functions and taking and giving bribes and squandering public money to give extravagant dinners and gifts. Some of these unhealthy tendencies are indeed

problems in our party style, but some of them are just negative social phenomena that exist in all social forms. We should concretely analyze the unhealthy tendencies, and cannot generally regard them all as party style problems. Party style problems should be distinguished from unhealthy conduct and irregularities in society. Of course, we communists should take steps to gradually overcome all problems whether they are problems in the party or in society. However, it is ridiculous to reach a conclusion that we should return to the conditions of the 1950's.

Some people tend to take the conditions of the 1950's as an ideal model. They think that although the material civilization in that period was at a low level, the spiritual civilization was better. If they use this yardstick to view the present situation, they naturally think that "the modal degeneration of the nation is getting worse day by day." This viewpoint in fact means quite the same as the viewpoint that "if the satellite is launched to the sky, the red flag will fall to the ground." Admittedly, the 1950's and the early 1960's were great years. In that period, the party led the people to build the socialist system, to establish an integrated industrial system, and to rapidly develop science, education, and cultural undertakings. All this was the result of maintaining and carrying forward the three major good styles of the party. In particular, in the early 1950's, we faced the task of rebuilding our country on ruins. We did not have any experience, so we were prudent and paid more attention to investigations and studies and to the opinions of the masses. Because we made scientific policy decisions according to the scientific analysis of the national conditions, we made rather remarkable successes and achievements in our construction. However, we should also notice that along with the establishment of a highly centralized product economy, we also formed a highly centralized political structure. The patriarchal system, the autocratic style, personality cult, privileges, the concept of hierarchy, blind obedience, and the work style of divorcing oneself from the masses gradually developed. The extremist practice in the antirightist movement in 1957 and the erroneous criticism of "right opportunism" at the Lushan Conference in 1959 suppressed democracy and intensified autocracy. The "Great Leap Forward" which was based on subjectivism was a typical example of theory being divorced from practice. As a result of the development of these erroneous tendencies, in the early 1960's, people did not dare air their indignation against the huge losses caused by the "leftist" practice. Finally, this led to the historical catastrophe of the 10-year "Cultural Revolution." Therefore, if we could really restore the conditions of the party style in the 1950's, then we would just repeat the "Cultural Revolution" tragedy.

Is it true that the party style cannot be set aright under the conditions of developing the commodity economy? In fact, the proletariat and its political party emerge along with the development of modern industry and the

commodity economy. However, in the particular historical course in our country, when our party was founded and stepped onto the political arena, it shouldered the mission of leading the magnificent democratic revolution with peasants as the main force. After the revolution succeeded, we built a product economy in the cities and maintained the natural economy in the countryside. Therefore, our party lacked the experience of building the party under the conditions of a commodity economy. We lacked necessary theoretical preparations for developing the commodity economy, and also lacked mental preparations and lacked competent cadres. In these circumstances, some party members could not stand the tests of reforms, opening up, and the development of the commodity economy. This is not surprising. For the degenerates in the party, the matter is not to set aright their style, but to expel them from the party and punish them according to the law. Only thus can we maintain the party's purity.

At present, we are to deepen the reforms and to build a new order in the socialist commodity economy. This is a basic condition for rectifying the party style. We should enhance our party style to the level of the 1980's on this foundation. Some people hold that the unhealthy tendencies inside the party are brought about by the commodity economy. This is not true. Of course, some irregular practice is related to a certain degree to the development of the commodity economy, but there is no inevitable relation. In essence, the negative phenomena in the party are the demonstrations of the decadent values, morals, and thoughts under the new conditions. In the transition process from a product economy (which is in essence a natural economy) to a commodity economy, the commodity economy which has not been fully developed may be used by people who hold various feudal thoughts to give rise to such evil phenomena of power abuses, extortion, and squandering public money for individual pleasures. In addition, bureaucratism, the patriarchal system, the autocratic style, the privileges, the concept of hierarchy, cronyism, and the forming of vulgar personal connections are all demonstrations of the feudal thoughts. The basic principle of the commodity economy is exchange of equal values (under the socialist conditions, this takes the form of labor exchange). This has an impact on, and pose a challenge against, the feudal hierarchical and privilege ideas and the feudal pillage. With the development of the commodity economy and the building of the new economic order, the influence of the feudal thoughts will be eliminated, and the party's three major styles will certainly be carried forward.

The people strongly resent corrupt phenomena in the party and society. This is a good thing. This shows that with the development of the commodity economy, the people have strengthened the sense of personal independence and democracy, and more strongly feel that they should be able to hold their own interests and rights in their hands. In the past, some evil things were treated as normal things, but now the people can tolerate such

things. This fully shows that setting aright the unhealthy tendencies in the party is not only an urgent need in the in-depth reforms, but is also the common demand of the entire society. Only by adopting correct measures to make use of these advantageous social factors can we organize effective mass supervision, legal supervision, and opinion supervision. Under the new historical conditions, our party style should not returned to the conditions under the natural economy, but should be raise to the level of the commodity economy. This is the conclusion we should reach.

Multiparty Cooperation System Under CPC Viewed
HK0107060188 Beijing GUANGMING RIBAO
in Chinese 19 Jun 88 p 3

[Article by Shu Zhong (2579 0022): "Discussion on the System of Multi-Party Cooperation Under the Leadership of the CPC"]

[Text] Since political structural reform was put on the agenda by the 13th party congress, the multiparty cooperation system, under the leadership of the CPC faces the same situation as economic reform, in which the new replaces the old. There are many questions worth reconsidering.

I. The System of Multiparty Cooperation Should Be Regarded as a Fundamental System of the Country. It Should Be Fixed by Laws for Long-Term Stability [sub-head]

The multiparty cooperation system under the leadership of the CPC was initiated by the CPC. It is an effective political system formed during the lengthy new democratic revolution, socialist revolutionary and construction periods. However, since the establishment of the PRC, the system has experienced two "ups" and two "downs." It experienced one "up" and one "down" in the period from the establishment of the PRC to the antirightist struggle; and another "up" and "down" from the "Great Cultural Revolution" to the 3d Plenary Session of the 11th Central Committee. Why did this system experience such "ups" and "downs"? In the final analysis because we did not incorporate it as a fundamental system of the country. In the past, under the influence of "leftist" ideology, there were many destabilizing factors affecting this system—it was being interpreted, played down, and damaged at will. Since the 3d Plenary Session of the 11th Central Committee, most of these destabilizing factors have been rectified. However, the consolidation and development of this system are still affected by the pernicious influences of "leftism" and a rigid way of thinking. After Comrade Zhao Ziyang put forward the topic "What are the implications of the 13th party congress on the united front?" beneficial explorations into the questions concerning the multiparty cooperation system under the leadership of the CPC, were launched inside, as well as outside, the party. In particular, the sense of political responsibility and historical mission of various democratic parties has been

enhanced; their consciousness of participation in, and discussion of, government and political affairs has also been raised. However, many comrades still lack an essential sense of security about the system. In the new historical period, to avoid a situation similar to that during the antirightist struggle when the activities of democratic parties were seriously affected, and during the "Great Cultural Revolution" when activities stopped; to systematize the activities of democratic parties and to protect them by law; to make the mechanism of multiparty cooperation under the leadership of the CPC meet the needs of reform, the needs of "one country two systems," of unifying the motherland, and for vigorously developing China, we should study in depth the theory of the multiparty cooperation system, which is an important component of the theory on the initial stage of socialism.

Socialist countries at present have two different forms of political party systems. One is a single-party system, as adopted by the Soviet Union, and so on. The other is a system whereby a country is ruled by a multiparty cooperation or alliance, under the leadership of a political party of the working class, as in China, Poland, Bulgaria, the German Democratic Republic, Czechoslovakia, and so on. In view of the Chinese situation, Mao Zedong pointed out in his article "On the Ten Major Relationships" that: "Which is better, to have just one party or several? As we see it now, it's perhaps better to have several parties. This has been true in the past and may well be so for the future; it means long-term coexistence and mutual supervision." At the 2d Session of the 5th CPPCC National Committee on 15 June, 1979, Comrade Deng Xiaoping affirmed that democratic parties are a political force serving socialism and are under the leadership of the CPC. In order to perfect the multiparty cooperation system under the leadership of the CPC, the laws governing the system of multiparty cooperation and political parties should be discussed and formulated, so that in the future the activities of political parties can be governed by laws and can be gradually systematized and legalized.

II. Rigid and Conservative Ways of Thinking Should Be Removed; the System of Multiparty Cooperation Under the Leadership of the CPC Should Be Invigorated. [subhead]

After lengthy practice of the multiparty cooperation system under the leadership of the CPC, the following characteristics were found in the relationship between the CPC and all democratic parties: First, currently, the target of the CPC and democratic parties is to build socialism, unify the motherland, and vigorously develop China; to implement the principle of "long-term coexistence, mutual supervision, utter devotion, and honor and disgrace sharing" under the preconditions of observing the Constitution and upholding the four fundamental principles; and to jointly participate in the nation's politics. Second, the multiparty cooperation system is under the leadership of the CPC, and all democratic

parties accepted its leadership during long-term revolutionary struggle and construction. Third, the CPC and all democratic parties are politically equal. They are organized independently, and can conduct activities based on their own decisions in the realms stipulated by the constitution and the law. To perfect the multiparty cooperation system under the leadership of the CPC, to build socialist democratic politics, and to give full play to the enthusiasm of democratic parties, we still have two questions to study on the relationship between the CPC, and all democratic parties.

The first is how can the CPC enhance its leadership over various democratic parties. The 13th Party Congress Report proposed that the key to political structural reform lies in the separation of party and government functions; it also clearly defined that: The leadership of the party is political leadership; the main methods by which the party carries out political leadership over the affairs of the state are, to turn the propositions of the party into the will of the state through legal procedures; to drive the people and the masses, to carry out the lines, principles and policies of the party through the activities of party organizations and the exemplary role played by party members. Then, under the multiparty cooperation system, the role of leadership by the CPC over democratic parties should of course be manifested as leadership over political principles and directions, as well as over the will of the state, which is established through legal procedures. The leadership of the party should not be in the previous "centralized" form of party leadership in which they had direct leadership over specific affairs. If the relationship between the CPC and democratic parties is described in general terms, as the relationship between the leader and the led, it can lead to confusion: That the leadership of the party is mainly the leadership over political principles and directions but not the leadership over specific administration; that although the CPC has political principle leadership over various democratic parties, the democratic parties are politically equal and they are organized independently; and that the CPC has leadership over the multiparty cooperation system but not direct specific leadership over individual democratic parties. The CPC forms the nucleus of China's socialist undertakings, and enjoys high prestige among all democratic parties. Nobody can deny this. Under the new situation, only when the leadership system, method, and style of the party are improved, can the leadership of the party be improved, and at the same time can the enthusiasm of democratic parties be mobilized.

The second question is how to develop the enthusiasm of various democratic parties for participating in, and in building socialist democratic politics. There are historical reasons and practical needs for the implementation of the multiparty cooperation system under the leadership of the CPC in China. In his article "On New Democracy," Mao Zedong analyzed the state system in this way: "The numerous types of state systems in the world can be reduced to three basic kinds according to

the class character of their political power: (1) republics under bourgeois dictatorship; (2) republics under the dictatorship of the proletariat; and (3) republics under the joint dictatorship of several revolutionary classes." The "system of government," depends on how political power is organized. He considered that: The state system is a joint dictatorship of all the revolutionary classes and the system of government is democratic centralism; these constitute the politics of New Democracy. At present, the class foundation of democratic parties has been changed. Then, the system of multiparty cooperation under the leadership of the CPC is the form of people's democratic dictatorship in the initial stage of socialism. It is obviously inappropriate to distinguish between the CPC, and all democratic parties as the ruling party and parties participating in government and political affairs respectively, as "participation in government and political affairs" can refer to participation in politics, and also refer to participation in the exercise of political power. If it refers to the first interpretation, that all Chinese citizens should take part in the politics of the country, then the "parties that participate in government and political affairs" do not have special significance. If it refers to the latter one, then there is no difference between participating in government and political affairs and exercising political power. When a party exercises political power, how can it not participate in ruling the country? In fact, all democratic parties have sent delegates to the NPCs, which is the highest organizational form of state power, and to the people's congress at various levels; they also hold important posts below the rank of vice chairman at these congresses and in various government departments. They are political parties in control of state power. Western countries have a system whereby two parties will take turns ruling the country, or whereby governments are ruled by a multiparty alliance; in contrast, China adopted the multiparty cooperation system under the leadership of the CPC. The democratic parties in China are not parties out of office or political enemies of the CPC, but the CPC's brother parties which have coexisted with the CPC over a long period of time; they mutually supervise each other, are utterly devoted, and share each others honor and disgrace. This is a characteristic of China's state system of people's democratic dictatorship in the initial stage of socialism.

CHENG MING Views Political, Social Unrest
HK3006134088 Hong Kong CHENG MING in Chinese
No 129, 1 Jul 88 pp 6-10

["Notes on the Northern Journey" by Lo Ping (5012 0393): "Fluctuation in Beijing"—boldface passage as published]

[Text] This article describes fluctuations in Beijing, and Beijing in unrest in terms of 10 aspects. Complicated contradictions and the intensification of contradictions have brought about political and social unrest. The CPC Political Bureau held two urgent meetings within 10 days. This showed the tense situation. Two divisions of riot forces are assembling in Beijing. This further shows...

High temperatures, fluctuations, and the respective assembling, antics, and confrontations of various forces have indicated that a greater fluctuation is in the making. A sense of crisis is extensively spreading from the nerve center to the whole body... These are the characteristics of June in Beijing, and Beijing in June.

University Students Go Among the Masses of Workers
[subhead]

The following is the first aspect of the fluctuation. Since May there has been an indistinct sign which shows that the Zhongnanhai is most fearful of the integration between students and workers, on the one hand, and between the student and worker movements, on the other. To protest against commodity price increases and to deal a blow at corruption in particular, some Beijing University students organized several groups to some large industrial and mining enterprises. They delivered speeches in workers' canteens and clubs. It has been reported that to find out what the students were doing, XINHUA NEWS AGENCY and RENMIN RIBAO sent a score of reporters to the spot to write news bulletins for high-level CPC leaders.

The Shijingsan Power Plant, which was once under the direct control of Beijing municipal party Secretary Li Ximing, was a key place visited by the students. On the afternoon of 28 May, a score of students from Beijing University went to the plant. In a workers' club, they talked with nearly 100 workers who had gone off work after their day shift. The main themes of their talks were: 1) Where does the way out of the reform in China lie? 2) The relations between political democratization and the four modernizations. The speeches of the students arrested the attention of the plant's party committee and security work department. The party committee immediately reported the situation to the municipal party committee for fear that something might happen.

Li Ximing personally issued instructions to the plant party committee on the following: A) Efforts must, first of all, be made to do ideological work well among the workers. B) Efforts must also be made to patiently persuade the students who came to the plant so that meetings between the students and worker representatives could be held in a small conference room. In addition, the number of worker representatives was restricted to under 20. C) More precautionary measures were taken to prohibit other students from entering the plant.

The students' speeches were warmly welcomed by several hundred workers and cadres of the plant. Among the students, there were two children of senior cadres. One of them was a female student whose surname is Lin. Her father is a deputy director of a certain department under the State Council. In front of workers, she exposed the dissolute life and corrupted phenomena among senior cadres, which she has personally witnessed or heard about. She said indignantly: I am a daughter of a senior

cadre. I have personally witnessed the severely corrupted phenomena in the upper strata of our country. Without political reform and the eradication of corrupted politics, the future of China will be ruined by corruption. She also called on children of senior cadres who have a sense of justice and conscience to have the courage to break with the people of their fathers' generation.

Her speech won a warm, prolonged applause from the workers. The students refused the arrangements made by the plant party committee. They persisted in having a direct dialogue with the workers for nearly 3 hours. A number of leading cadres of the plant and cadres of the security department of the plant who were present also were moved by students' speeches.

People in the intellectual circles of Beijing believed that such activities showed that students were taking a down-to-earth approach to expand democratic forces, and that this was important work for promoting the democratization of the state.

Shouting Slogans in Front of the Western Gate of the Zhongnanhai [subhead]

The following is the second aspect of the fluctuation that occurred in the second half of June. In the early morning hours of 2 June, Cai Qingfeng, a post graduate student of Beijing University, was beaten to death by scoundrels Wang Jian and others. This incident caused a storm of student democratic protests on the campus of Beijing University. The scale of this incident was much larger than that of the demonstrations staged earlier this year by students of the University of Foreign Economic Relations and Trade and by students of Beijing Teachers' College. It was a greater shock to the society.

This incident occurred on 2 June.

On 3 and 4 June, more than 1,000 Beijing University students gathered on Tiananmen Square. After that, they staged a sit-in demonstration in front of the Ministry of Public Security. They demanded severe punishment for the murderers. A public security vice minister was compelled to meet with them.

Starting on 4 June, hundreds of big-character posters were put up on the campus of Beijing University. The posters were covered very quickly.

From 7 to 9 June, students of Beijing University adopted the method of "breaking up the whole into parts" (going separately to Tiananmen Square, or Zhongnanhai by bicycle or bus) to hold their demonstration. Some 100 to 500 students staged a sit-in demonstration in front of the western gate of Zhongnanhai, shouting slogans.

On 8 and 9 June, some big-character posters criticizing the current political situation also were put up at Qinghua University and People's University.

On 8 June, Hu Qili and Zhao Ziyang simultaneously went to Beijing University and met with students. Both sides held talks....

"Long Live Human Rights" [subhead]

The students of Beijing University who took part in the demonstration drew a lesson from their previous experiences. They marched hand in hand to form a column 10 meters wide. It seemed that their demonstration was strictly organized. Actually, this was a total eruption of the dissatisfaction of the students (and some teachers) over the extremely poor treatment of intellectuals and the chaotic administration of Beijing University. During the demonstrations, some students shouted: "Long live human rights." They accused bureaucrats of violating human rights. At meetings held on the campus, or in big- and small-character posters posted in the university, some students condemned the current situation in the country, saying: "China in reality is in the darkest period of history." They added: "Reform has enabled a host of devils to rise to power, whereas another host of devils has fallen out of power." "Our aim of struggle is to overthrow the rule of the CPC." They also stressed: now "is the appropriate time for completely settling accounts" with the CPC. Some students openly urged "teacher and student strikes."

Wife of Zhang Dazhong Was Hit by a Flying Stone [subhead]

The following is the third aspect of the fluctuation. Disturbances frequently occurred in society. The masses, who were infuriated by price hikes, damaged public property. They ruined machines to give vent to their anger. In the area of Hongxia Apartments (residential district for senior cadres), which is located behind the Beijing Hotel, incidents of breaking windows with stones occurred repeatedly. The tires of the cars of leaders of the municipal CPC committee and government were repeatedly slashed. The wife of Zhang Dazhong, who lives in the Hongxia Apartments, was hit by a stone thrown through a broken window. Her head was injured and blood was shed. Zhang Dazhong formerly was secretary general of the municipal CPC committee [as published]. Hearing of the incident, Mayor Chen Xitong immediately issued an order to the municipal public security bureau to take precautionary measures around the Hongxia Apartments.

Deng Xiaoping Was Worried, and Repeatedly Asked for News for Inner Circulation [subhead]

The fourth aspect of the fluctuation is the demonstration of growing discontent among the masses. This made Deng Xiaoping very worried about the situation. It has been reported that before and after the Political Bureau meeting on 30 May, Deng Xiaoping repeatedly listened to reports by Zhao Ziyang and Li Peng, among others. His secretary twice called responsible persons of XINHUA NEWS AGENCY and RENMIN RIBAO, asking

for news for inner circulation on the domestic situation. These two units provided Deng with relevant materials through normal channels. On the afternoon of 3 June, Deng's secretary again called them for more materials on the situation. After receiving the call, a confidential XINHUA messenger took 30 copies of news for inner circulation and 5 copies of the final proofs of the news which had not yet been published. With regard to the issue of commodity prices, while listening to the reports of Zhao Ziyang and Li Peng, Deng Xiaoping stressed: "We should mobilize the entire party to guide the masses to pass the barrier. Once we succeed in doing so, our reform will stand a very good chance of success." He added: "Where there are problems, we should solve them. Where there are difficulties, we should overcome them. Our confidence must not waver."

Two Urgent Meetings of the Political Bureau [subhead]

The following is the fifth aspect of the fluctuation. The CPC Central Committee Political Bureau held two urgent meetings within 10 days. At an enlarged meeting held from 30 May to 1 June, participants discussed the issues of commodity prices and wage reforms resulting from the commodity price increases. It was reported that Deng, Zhao, and others maintained that price reforms must be boldly carried through to the end and that the barrier must be passed. Deng Xiaoping thought that it was too late to grasp this problem. To solve the difficulties of workers, staff members, and cadres in their livelihood, wage reform and commodity price reform must be simultaneously carried out. The increase in wages must be in line with the relevant growth of the index of living expenses. To prevent corruption, taking bribes, abusing power for private gain, and other corrupted phenomena, some people maintained that while strengthening the legal system and supervision, a system of "high positions and handsome salaries" should also be pursued. However, owing to the fact that the state treasury was empty, it seemed that it was difficult to carry out wage reform.

Another urgent meeting of the Political Bureau was held in the early morning of 8 June. Three decisions were made at the meeting. 1) No concessions should be made to the Beijing University students who were demonstrating, who put up big-character posters, and so on. The incident must be severely dealt with. 2) Necessary guidance must be provided for the present "student movement," so that the incidents might disappear from the campus. Efforts must be made to prevent the incidents from spreading out to become a social problem. Measures must be taken to prevent the integration between students and people outside the campus (workers and some other people in society). 3) Efforts must be made to strengthen the management of university students and to straighten out order on campuses.

In accordance with this spirit, on the afternoon of 10 June the State Education Commission held an enlarged meeting to analyze the current situation in universities

and colleges. It was stressed that measures should be taken to solve the problem of chaos on the campuses. At the meeting, some participants demanded that investigations be conducted to affix the responsibility of those who were guilty of "spreading reactionary ideology and of reactionary words and deeds." But this proposal eventually was voted down.

Dispute Between Radical Price Reform and Slower Advances in Top Leadership [subhead]

The sixth aspect of the fluctuations: Differences over the price reform appeared in the CPC top decisionmaking body.

Reportedly, the most intense atmosphere and the sharpest differences appeared at the enlarged meeting of the Political Bureau in late May after the Political Bureau meeting "toppling Hu Yaobang" in early 1987.

Beijing Municipal Party Committee Secretary Li Ximing and the Shanghai Municipal Party Committee secretary briefed the meeting on the unstable factors being caused among the public by the price problem. The two secretaries expressed the hope that the central authorities would properly bring prices under control. Deng Xiaoping said that the price reform was started too late. This criticism was in fact directed at Zhao Ziyang and at people who did not agree with the price reform.

At the meeting, Zhao Ziyang stressed: "We must not deviate from the principle and line of reform. The price issue is the most complicated issue, which is related to a wide range of affairs. Without bearing the pains, we will not be able to make any breakthroughs in our reforms, and we will only stand still in the current conditions!"

Wan Li also reiterated at the meeting that the determination to advance the reforms must not waver.

At the meeting, Hu Qili also gave a speech, in which he stressed: "At present, some people have said that deviations have appeared in our reforms; some people have called for slowing down the pace of reform; and some people have proposed that the central leadership carry out the reforms for 3 years and then stop the reforms for another 3 years in light of China's conditions. All these opinions are inadvisable." He asked the party committees of all provinces, autonomous regions, and municipalities to focus their work in the second half of this year on guiding the hundreds of millions of people to care about the reforms, to support the reforms, and to take part in the reforms.

Hu Qili's speech fully indicated that a dispute between radical advances and slow advances in price reforms appeared in the top leadership.

The Hawks and Doves on the Issue of Coping With the Student Movements [subhead]

The seventh aspect of the fluctuation: On the issue of coping with the student movements, the CPC's top leaders are divided into hawks and doves, but they share the same target—to check and disintegrate the student movements. They tend to use different methods to achieve this purpose. The hawks have tried to use high-handed measures; while the doves are inclined to use the policy of mollification. Reportedly, Deng Xiaoping and Wang Zhen are the most outstanding hawks. Deng once toughly said that he was not afraid of any "riots." On the other hand, the doves opposed the high-handed policy and advocated dialogue with the students. The representatives of the doves are Hu Qili and Bao Tong.

Now, the CPC Central Political Bureau has set up a "special group" to handle the student movements and to intensify ideological and political work among the students. The group is headed by Hu Qili, and includes Li Qieying and Bao Tong. Obviously, they are trying to calm down the student movements promptly and without delay by giving advice and mollifying the students.

When the policy of mollification was put into practice, Beijing University set up a "free forum" on campus, which was sometimes full of big-character posters. The "free forum" provides a place for the students to air their different opinions. Now, there are two main trends of thought in Beijing University. One holds that the students should immediately take to the streets to "settle final accounts" with the CPC and to "overthrow the corrupt government." The other holds that the students should understand "the government's difficulties and dilemma," "must support the reforms, which are certainly accompanied by some pains," and "must maintain a cool head to see the situation and must not take reckless actions and be used by people with ulterior motives." So the former can be also called hawks among the students, and the latter can be called doves. The two opinions will continue to debate openly on the campus so that the students will find out about the truth and falsehood. People generally expect that the policy of mollification will achieve certain results.

The Assembly of Two Divisions of Riot Police Forces To Prepare for Suppression [subhead]

The eighth aspect of the fluctuation: The CPC is good at using dual tactics. It is now waving the olive branch in one hand, and clenching its fist in a threatening manner with the other.

Early in the morning of 4 June, armed forces were summoned from Tianjin, Hebei, Shandong, and Inner Mongolia to Beijing to strengthen the capital's security and guard against any possible trouble. Reportedly, in order to make preparations for suppressing the students, according to the instructions of the hawks in Zhongnanhai, the Armed Police in Beijing placed two divisions of riot police forces on alert. The areas around Tiananmen and Zhongnanhai were heavily guarded. This certainly

posed great threats against the students. Maybe, this was a material condition for realizing Deng Xiaoping's statement of "fearing no riots." This also showed that the situation in Beijing was rather tense internally.

Maoists Are Trying To Do Something [subhead]

The ninth aspect of the fluctuation: Under the tense situation, some Maoists are trying to do something to again vendor Mao Zedong's political philosophy by fishing in troubled waters.

Reportedly, some retired responsible cadres of the Central Security Bureau, the General Office of the State Council, and some ministries and commissions from the Mao Zedong era have criticized the current reform line on some public occasions. In late May, 13 bureau-level cadres in the Central Security Bureau jointly wrote a letter to the Central Political Bureau to express their opinion. These cadres have close relations with some senior central leaders. Before they submitted their opinion letter, they solicited support from some old leaders. After Marshal Nie Rongzhen listened to their report, he told them: You are communists, so you have the duty to show concern for state affairs and major party affairs. I support your expressing your opinion through official channels to the central leadership. Some political opinions and slogans that called for upholding Maoism recently have appeared in society.

For example, some people have spread the viewpoint that Deng is not as good as Mao, so as to intensify social contradictions.

"Career Students" Sneaked Into the Ranks of Students [subhead]

The tenth aspect of the fluctuation: Apart from the Maoists, other political forces also have tried to have a hand in the student movements. In the recent student unrest, some children of senior cadres were rather active. Their parents are retired high-level cadres, officials who were in power in the Mao Zedong era, and army officers.

It is said that some leading leftists organized a number of "career students" to sneak into the ranks of students in Beijing University. They put up big-character posters to air extremist opinions and shouted extremist political slogans. Then they reported to the upper authorities, saying that "the students are trying to stage a rebellion to subvert the government," so it is necessary to suppress the students. Reportedly, on 8 June, when some students demonstrated at the western gate of Zhongnanhai, some people shouted: "Down with Deng Xiaoping!" This may be the action of the career students. The students will have to guard against and expose such spies who try to frame the students who are striving for democracy.

Big Character: "Looking for Beijing University President Ding Shisun" [subhead]

I had an opportunity to visit Beijing University and saw that the gate of the school was heavily guarded. School guards and plainclothes security personnel were strictly checking the people outside the school, suspecting that they were sent by other schools to come to contact Beijing University students. However, in the area where big-character posters are put up, crowds of people gathered and many people were moving to and fro. Among the new big-character posters, some complained about the unfair treatment that was given to Fang Lizhi's wife; some criticized the corrupt practices of some senior cadres' children; some mourned the death of Chai Qingfeng, who was killed by some rascals; some asked the government to control prices; and other big-character posters asked students to calm down and never "add trouble to the reform and opening up." Among other big-character posters, I found one entitled "Looking for Beijing University President Ding Shisun." The content of this poster was rather interesting. Here, I quote this poster as an example to explain the current situation.

"Ding Shisun, male, XX years old, 1.80 meters tall, grey hair, likes to wear grey Western-style suits and smoke. He is a heavy smoker even in front of the general secretary. He is the incumbent president of Beijing University, professor of the Mathematics Department of the university, and member of the CPPCC National Committee.

"This person uttered nonsense at a meeting one day and boldly criticized the current social evils. He offended some people in power, but also evoked applause among ordinary people. Two months after that, he suddenly disappeared and could not be seen on the university campus. Beijing University is now undergoing an eventful summer. The university president, as the representative of the school authorities, should make an appearance to express his attitude, exert strict management over the students, and guide the students to correct behavior. For this reason, we publish this notice to look for this person. It is hoped that people who know the whereabouts of Ding Shisun will let us know where he is. This was written on 5 June."

Some people wrote with ballpens on this poster: "1) He is hospitalized with a serious fever. 2) He went to see Yang Hucheng. 3) He is washing his brains now."

Ding Shisun's Pleading for People Infuriated Bureaucrats [subhead]

At the Seventh CPPCC, Ding Shisun pleaded for the cause of education in the mainland and mainland intellectuals, accused the high authorities of the CPC of not paying enough attention to education, and said that those not paying enough attention to education, which is a project of vital and lasting importance, will "stand condemned throughout the ages." Immediately after Ding Shisun made these remarks, he was called in for a talk. Soon after Ding Shisun was forced to deny what he had said at the Seventh CPPCC and to criticize the

reporters of ZHONGGUO QINGNIAN BAO for distorting his speech and not letting him read the report on his speech before his speech was published, he disappeared. Those who are close to Ding Shisun have said that he was resting in a hospital. Of course, he was suffering a political disease, and the virus of the political disease had been artificially transmitted into his body. The strange disappearance of Ding Shisun, president of Beijing University, clearly proved the incapability of the new State Education Commission and the bureaucratic pressure on the State Education Commission. The big-character poster entitled "Looking for Ding Shisun" was aimed at satirizing, condemning, and counterattacking bureaucratic politics.

BEIJING RIBAO Was Anxious To Stir Up Trouble [subhead]

If we carefully look at the disappearance of Ding Shisun, the commentator's article published by BEIJING RIBAO on 7 June, and the notice issued by the Beijing municipal people's government, we will find that the whole situation is not only delicate but also dangerous and horrible. The commentator's article contained the following hints, which we must read carefully: "(The above article shows that if China's reform cannot continue to make headway, we will miss the most opportune moment for the vigorous development of China, will become more backward, and will be in danger of being expelled from earth.) However, tolerating a small number of people who wilfully make trouble and create disorder in our country means to allow the small number of people to destroy our reform and opening up to the outside world. This is something the Chinese workers, peasants, and intellectuals will never allow to happen!"

This means that if some people purposely try to carry out "sabotage" and "create a turbulent situation," "the Chinese workers, peasants, and intellectuals" will not allow them to do so and the authorities will have the right to use riot police and other forceful measures to severely punish those "saboteurs."

The Notice of the Beijing Municipal People's Government Shows That the Beijing Municipal People's Government Is Ready To Launch an Attack [subhead]

The second paragraph of the "Notice of the Beijing Municipal People's Government" shows that the Beijing City authorities are ready to launch an attack. It reads:

"2. When we were seriously dealing with the case (which refers to the murder of Chai Qingfeng) according to the law, a handful of people with evil intentions fabricated rumors to confuse and poison the people's minds and tried to turn this criminal case into a political issue. A small number of people brazenly opposed the leadership of the CPC, opposed the people's government, tried to destroy the good situation of stability and unity, destroy democracy and the legal system, and slander the reform and opening up to the outside world. The reactionary

remarks and actions of these people run counter to the fundamental interests of the entire Chinese people and the will of the broad masses of the students and teachers of Beijing University. We hope that the broad masses of students and teachers of Beijing University will maintain sharp vigilance, keep sober-minded, distinguish right from wrong, and adopt a clear-cut stand in their struggle against a handful of people with evil intentions so as to prevent a handful of people from carrying out their plot!" The third paragraph of the notice issued by the Beijing Municipal People's Government reiterates the "10 Regulations," which were formulated overnight by the Beijing Municipal People's Government on 26 December 1986 (namely, "Beijing City's Provisional Regulations on Marches and Demonstrations"), and issued a warning to "a small number of people."

Those Who Suppress Students Will Come To No Good End [subhead]

It is quite strange that the students of Beijing University who did not riot did not take to the streets to carry out beating, smashing, and looting; did not gather together to besiege the Zhongnanhai; and did not publish an open telegram to the whole nation calling for nation-wide students, shopkeepers, and workers' strikes to oppose the authorities, who were branded as "people with evil intentions" and "conspirators." It is right and proper for the university students who are patriotic to boldly stand up to discuss state affairs and call for democracy at a time when our country is confronting some difficulties, our country's economy is losing its balance, and political corruption is prevailing in our country. Moreover, the price hikes have indeed affected the food of the university students and the incomes of intellectuals. All of these problems have combined together to cause the quality of education, the party style, and the general mood of society to deteriorate and have affected the fundamental interests of the people. It is quite ridiculous and foolish to try to shut the mouths of the students with a series of political attacks. If a bloody suppression is carried out against the student movement, then those who carry out such bloody suppression will be punished sooner or later and will certainly be condemned by history. Let me use a famous remark made by Mr Mao: "Student movements are natural and reasonable," and "all those who suppress student movements will come to no good end." I sincerely hope that the hawks who favor suppressing the student movements will think three times before they act.

News Feature Reassesses Stalin, Khrushchev
HK3001145888 Hong Kong TA KUNG PAO in Chinese
30 Jun 88 p 1

["Special Feature" by Chiu Sheng (5941 5116): "China, Too, Is Reassessing Stalin"]

[Text] Although people can still see Stalin's portrait in Tiananmen Square on May Day, and although when replying to questions on the assessment of Stalin diplomats still often say that China's stand is known to all, the

people clearly understand that China is quietly reassessing Stalin and renewing its understanding of him. Bukharin's Biography Published [subhead]

China presently is carrying out a reform of the economic structure and changing the centralized planned economy into a socialist commodity economy. Of course, this in itself is a criticism of Stalin's economic pattern. In the past, however, Chinese official quarters never said anything about Stalin's mistakes of personality cult and getting rid of dissidents during the movement to eliminate counterrevolutionaries.

In the past year or so, however, there has been an obvious change in China's stand on Stalin's political mistakes. This year marks the centenary of the birth of Bukharin, an old Bolshevik, and the 50th anniversary of his death. He was put to death by Stalin. While the Soviet Union was rehabilitating Bukharin, China also published some of his works and translated and introduced some achievements of other countries on the study of Bukharin. The most notable is the publication of a "Biography of Bukharin" by the Huaxia Publishing House. This is the first Chinese publication to make a systematic appraisal of Bukharin, which symbolizes the beginning of a systematic study of this "enemy of the people," as Stalin called him, and his thinking. The Shocking Figures [subhead]

At the same time, a series of articles on the contributions and errors of Stalin have appeared in newspapers. The most unexpected is that the full text of Khrushchev's secret report to the 20th CPSU National Congress in 1956 was published in the No 5 issue of SHULIN, which made a clean breast of all the crimes Stalin committed during the movement to eliminate counterrevolutionaries and laid them bare before the Chinese people. This report still has not been made known to the public in the Soviet Union. The No 8 issue of SHIJIE ZHISHI, a magazine about international and diplomatic affairs, makes a detailed revelation of the whole story of the great purge in the 1930's. Starting with the murder of Kirov, the article provides its readers with a series of bloodcurdling figures: In the movement to eliminate counterrevolutionaries from 1936 to 1938, some 4 to 5 million people were arrested, and at least 500,000 of them were put to death; of the 31 members of the Political Bureau of the CPSU Central Committee elected in the period between 1919 and 1935, 20 died in the political struggle; of the 26 members of the CPSU Central Committee elected by the 10th CPSU National Congress (the last national congress Lenin attended), which was held in 1922, 17 were put to death, murdered, or sent into exile in the movement to eliminate counterrevolutionaries; of the 1,966 deputies to the 17th CPSU National Congress, 80 percent of whom joined the party before the October Revolution or during the Civil War and 60 percent of whom were workers, 1,108 were arrested for committing a counterrevolutionary crime; 83, or two-thirds, of the 139 members and alternate members of the CPSU Central Committee elected at the

17th CPSU National Congress were arrested and put to death; in the Army, the senior officers who were executed included 3 of the 5 marshals, 13 of the 15 marshals of arms, 57 of the 85 army commanders, and 110 of the 195 division commanders.... These bloodcurdling figures can be easily understood by the Chinese people, who have just experienced the "Great Cultural Revolution."

Recently, the grey-covered book "Secret Stories About Stalin" became a bestseller in Chinese book stores. The author of the book, Liefu Feierdebin [0441 1133 6316 1422 1795 6333], was once deputy chief procurator of the USSR Supreme People's Procuratorate. After 1924, he was put into many important positions by Stalin. Taking advantage of his positions, he made note of many remarks and actions of Stalin during the great purge. In July 1938, when he learned that Stalin would lay murderous hands on him, he fled to the West, and then wrote this book to reveal the inside stories he had learned. In this book, there are detailed descriptions of Bukharin's execution by shooting; the house arrest of Gorki; the murder of Kirov, head of the Leningrad City Party Committee; and the trial of Zinoviev and Kamenev.

After reading these books and articles, people will be able to make their own judgment of Stalin's achievements and errors. New Assessment of Khrushchev [subhead]

While press circles are exposing Stalin's crimes, some newspapers and television programs have also made a new assessment of Khrushchev, who was the first to openly oppose Stalin. The most noticeable assessment is the reportage entitled "History, Man, and Illusion." It describes the course of Khrushchev's reform and analyzes various reasons for his failure, starting with his secret report at the 20th CPSU National Congress and ending with his death, which was almost unknown to the public. The article describes Khrushchev as a "failed reformer."

Recently, the Central Television Station broadcast a six-part political series entitled "River Dying Young." In the fourth part, entitled "The New Era," there are the following narrations: "'The Stalinist pattern' made the Soviet Union pay a high price. After Stalin died, a bugle call was sounded for carrying out reforms in the Soviet Union." Then Khrushchev appeared on the frame, descending a gangway and raising his glass at a banquet. All this provided the audience with much food for thought.

Inaugural Issue of QIUSHI Published 1 Jul

Noted by Daily

HK0107035088 Beijing CHINA DAILY
in English 1 Jul 88 p 1

[By staff reporter Ma Lixin]

[Text] The first issue of "QIUSHI" (SEEKING TRUTH), a new biweekly Party theoretical journal, comes out today—the 67th birthday of the Communist Party of China (CPC).

The title comes from a saying known to every Chinese, "Seeking truth from facts," which is often quoted as the guiding ideological principle of the Party.

Senior leader Deng Xiaoping wrote the masthead on the cover page.

Its culture page carries four cartoons, satirizing Party and government bureaucracy, marking a departure from the staid image of the RED FLAG, the former Party theoretical journal.

Liu Furong, secretary-general of "QIUSHI" said the publication of the magazine is to meet the new situation of reform and opening to the outside world. It will strive to promote study and research into the theory of the primary stage of socialism and it stresses the need to develop new theories to cope with practical problems, he said.

The new journal is directed and published by the Central Party School, though most of its staff were people who had worked on the RED FLAG.

The chief editor and deputy of "QIUSHI" have yet to be appointed by the Party's Central Committee.

Published in the first issue is a letter to readers stating that "QIUSHI" intends to follow ideological and theoretical trends at home and abroad. It will endeavour to present the different views on controversial issues and let readers reach their own conclusions.

"QIUSHI" plans to "open" more to the world and study and publish commentaries on developments in international politics, economics and culture as well as various ideological trends.

Background Reviewed

HK0107132888 Hong Kong WEN WEI PO
in Chinese 1 Jul 88 p 2

["Special dispatch from Beijing" by correspondent Juan Chi-hung (7086 4764 1347): "The Birth of 'QIUSHI' Magazine"]

[Text] The journal HONGQI has finally ceased publication as had been widely reported over the past year. To replace it, the magazine QIUSHI began publication on 1 July, a date marking the 67th anniversary of the CPC founding. In its first issue, the magazine carries the decision made by the CPC Central Committee on the proposed publication of the magazine QIUSHI. The decision says: "Guided by the party's basic line in the initial stage of socialism, the magazine QIUSHI must extensively publicize the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and implementation of

reform and the opening up policy. Meanwhile, it must guard against both hidebound thinking and liberalization by putting reform at the center of all our undertakings."

Referring to personnel affairs, a person in charge of the magazine told this correspondent: In accordance with a decision by the central authorities, the chief editor and his assistants should all be appointed by the Central Authorities. However, the appointment is yet to be made. Meanwhile, staff of the magazine have not so far been assigned official posts and ranks because they have to be appointed by the editor-in-chief. It has been learned that Su Xing [5685 2502], former deputy chief editor of HONGQI, is now in charge of the magazine QIUSHI in his capacity as vice president of the Central Party School.

The Question of Personnel [subhead]

So far as other staff members are concerned, the person in charge said: Generally speaking, there will be no change. If a few want to leave, the magazine will not keep them any longer. However, essentially there will no big change in the previous team, which numbers 250, 10 people less than before. Xiong Fu, former chief editor of HONGQI, Deputy Chief Editor Ma Zhongyang, and Advisor Lin Xiaoxia all retired last August.

The responsible person also explained the advantages of changing HONGQI into QIUSHI, noting that in the past HONGQI found it inconvenient to discuss some problems as it was run by the CPC Central Committee; now the problem has been solved because QIUSHI is being run by the Central Party School.

In its first-number statement to readers, people have noticed the following remarks: "We encourage discussions on an equal footing so as to promote prosperity and development of science and arts through criticism and counter criticism, and names can be named in such criticism and counter criticism." The person in charge also said: By no means should the "big stick" be used while such criticism and counter criticism are being made. The decision made by the central authorities also urges QIUSHI "to make special efforts to unite comrades who have a difference of opinion in the process of approaching problems."

He continued: The "Forum on Reform and Openness" is just a new column inviting people to air their viewpoints at will. In addition, the magazine also has a new column called "Theoretical Information."

In the table of contents of the first issue of QIUSHI, there is an article on the political structural reform written by Bao Tong, Zhao Ziyang's former secretary, and an article by Xu Jiatun. When asked why there is an article by Xu Jiatun, the person in charge noted: Coastal development is now an important question, and articles of this kind were published in the past. Now Xu Jiatun is

asked to view the question from the Hong Kong angle, since Hong Kong's experience merits our attention. Did not Comrade Deng Xiaoping say that more Hong Kongs will be created on China's mainland?

The Number of Subscribers Poses a Challenge [subhead]

The number of HONGQI subscribers this year is 2.47 million. When QIUSHI was about to replace HONGQI, post offices asked HONGQI subscribers to subscribe to QIUSHI. Finally, it was estimated that the number of QIUSHI subscribers would be 50,000 less. Nevertheless, it is expected that the real challenge will be at the end of the year when subscribers are asked to renew their subscription to QIUSHI. In the past units at or above the county and regimental levels were compelled to subscribe to HONGQI because it was the journal of the CPC Central Committee. Now that the journal QIUSHI is to be run by the Central Party School, readers may look down on it. The person in charge also pointed out: The magazine will attract readers by its content, not by its signboard. Although the decision by the central authorities defines: "Readers of the magazine shall be cadres at or above the country level as well as workers engaged in theoretical and propaganda work," they will also take professors and university students as their readers.

To prevent a political party becoming ossified, we must first prevent its journal from being rigid. People are taking a close interest in what kind of magazine QIUSHI will be.

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HK0107092688 Beijing RENMIN RIBAO
in Chinese 1 Jul 88 p 6

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Xu Jiataun Discusses Local Role in Economy
HK3006135888 Beijing ZHONGGUO XINWEN
SHE in Chinese 0910 GMT 30 Jun 88

[Text] Beijing, 30 Jun (ZHONGGUO XINWEN SHE)—The first issue of QI'JSHI, which is to come off the presses tomorrow, carries a long article written by Xu Jiataun entitled "Give Full Play to Hong Kong's Role in Coastal Economic Development."

Through the long-term operation of international capital and with the arduous efforts made by the people of Hong Kong for generations, Xu Jiataun points out in the article, Hong Kong has become a world trade center, an international financial center, and a hub of sea transportation. It is a new topic in the implementation of our economic development strategy to make full use of Hong Kong to serve our coastal economy.

Xu Jiataun believes that Hong Kong is now in the middle of a new economic upsurge. Hong Kong's economy will continue to grow in a sustained manner for a long time, and a new height will definitely appear. To promote the economic development of the coastal areas, Hong Kong can play an essential role in the following four respects:

First, make full use of Hong Kong's quick access to economic information to promptly provide the interior with the latest international economic information. We must make use of Hong Kong's multichannel economic

information network formed at various levels to offer promptly international economic information which can serve as the basis for the interior to work out countermeasures, open up new markets, and enter in international competition, and to provide the economic organizations and enterprises in the interior with consultative services.

Second, give full play to Hong Kong's role as an international financial center and pool development funds for the coastal areas. The Chinese financial and trade organizations in Hong Kong should contribute to Hong Kong's stability and prosperity as well as to the export-oriented economy of the coastal areas. They should unite the forces of Chinese capital, Overseas Chinese capital, and foreign capital in Hong Kong and encourage them to make effective investments in China's coastal areas.

Third, to make use of Hong Kong to develop international markets for the commodities of China, and to gradually set up sales networks. At present, nearly 40 percent of China's export commodities are shipped to Hong Kong or other countries and areas via Hong Kong. The article said: Hong Kong should be made use of in conducting frequent studies on international market trends, and in clearly defining the direction of commodity production; various forces of Hong Kong should be promoted to positively participate in building the export bases in the interior; and Hong Kong's experience should be drawn on, business management should be improved, and the competitive capability of China's commodities should be raised. Export enterprises in the interior have to rely on the business ability of Hong Kong compatriots and Overseas Chinese, and on their influence outside China to develop international markets and establish sales networks.

Fourth, to make use of Hong Kong to help the coastal areas to train economic and foreign trade cadres who are conversant with modern economic management knowledge. We think that training centers can be set up in the Shenzhen Special Economic Zone, which is close to Hong Kong, and Hong Kong people who have modern management knowledge and experience should be invited to give lectures. People who have completed the task of theoretical study can then go to Hong Kong for a short period of field-investigation.

Xu Jiataun wrote: Hong Kong is being made use of in promoting the development of the economy of coastal areas, and the development of the coastal areas will then further promote Hong Kong's prosperity and stability. Hong Kong and the interior should mutually benefit each other, and develop jointly. Moreover, the strong points of the two areas should be joined together, and they should jointly take part in international exchanges and in international market competition.

Xu Jiataun also said: The emphasis on making use of Hong Kong in the development of the coastal economy does not imply that the role of Hong Kong in the

development of the economy of the middle and western regions of China can be neglected. Over recent years, Hong Kong businessmen have been to every province and prefecture of China. Only when Hong Kong can extend its contacts to the whole country and fully make use of the strong points of various areas can it obtain a more sufficient supply of goods and wider investment scope.

Supreme People's Court Gets New Vice President
OW0107120588 Beijing XINHUA in English
1120 GMT 1 Jul 88

[Text] Beijing, July 1 (XINHUA)—A senior judge Hua Liankui was appointed a vice-president of the Supreme People's Court of the People's Republic of China at the second meeting of the Seventh National People's Congress Standing Committee which ended here today.

Hua, 60, is from Wuxian County, east China's Jiangsu Province. Before his appointment, he is a vice-chairman of the Standing Committee of the Shanghai Municipal People's Congress. He had served as president of the Shanghai Municipal Higher People's Court.

Ren Jianxin, president of the Supreme People's Court described Hua as an experienced judge when he recommended him to the NPC Standing Committee.

The NPC Standing Committee also appointed Huang Jie, 54, chief of the administrative division of the Supreme People's Court, a newly established division responsible for handling administrative cases.

Government To Hold 'Asian Population Day'
HK3007145988 Beijing RENMIN RIBAO
in Chinese 28 Jun 88 p 1

[Report: "China To Hold Activities To Publicize the Urgent Need To Solve the Population Problem"]

[Text] The NPC Education, Science, Culture, and Public Health Committee and the State Family Planning Commission today [27 June] jointly held a press conference to announce that China has decided to actively respond to the proposal of the Asian Parliamentary Population and Development Forum to hold "Asian 3 Billion Population Day" activities beginning 1 July.

It is predicted that on 1 July this year the population in Asia will reach 3 billion. That is to say the Asian population will account for 60 percent of the world population, and Asia will become the most densely populated region in the world. Most Asian countries are now facing a population problem in their development. The activities of "Asian 3 Billion Population Day" will give publicity to the necessity, urgency, and great significance of solving the population problem among all families in Asian countries so as to arouse people's attention to this issue.

China is a country with the largest population in the world. By the end of 1987 China's population reached 1.08 billion. The activities of "Asian 3 Billion Population Day" will give great support to the population work in our country.

The NPC, the Chinese Government, and various departments concerned all attach importance to "Asian 3 Billion Population Day" activities and have organized some important events.

—On 30 June, State Council Premier Li Peng will give a televised speech on the "Asian 3 Billion Population Day."

—On 1 July, the NPC Education, Science, Culture, and Public Health Committee together with eight other units will hold a rally to mark "Asian 3 Billion Population Day" and to commend some advanced units and individuals who did outstanding jobs in promoting family planning.

—Shanghai, Tianjin, Sichuan, Henan, Hebei, Shandong, Guangdong, and Liaoning will also organize similar activities.

Text of Li Peng's Speech
OW3006140088 Beijing XINHUA Domestic Service
in Chinese 1031 GMT 30 Jun 88

[Text] Beijing, 30 Jun (XINHUA)—Premier Li Peng's Radio and TV Speech on "Asian 3 Billion Population Day"

(30 June 1988)

Comrades, friends:

The population of Asia, where we live, will reach 3 billion in the second half of this year. In this connection, the Committee for the Asian Forum of Parliamentarians on Population and Development has suggested launching a series of activities starting from 1 July to mark "Asian 3 Billion Population Day" in an effort to appeal to the public of all countries to heighten their awareness of the population problem and take more extensive and positive actions to solve the problem of overpopulation. This suggestion has received the attention and support of parliaments and governments of all Asian countries and of the international community.

Most Asian countries are confronted with the two major problems of population and development. Since the 1950's, many Asian countries and regions have been engaged in developing their economy, and have achieved significant successes in this regard. Facts show that Asia's economic development has great potential. However, while the economy develops, population has grown at an alarming rate. In 1950, Asia's population was still under 1.4 billion, but in the past 30 years and more it has more than doubled, and is now reaching 3 billion.

Although Asia has enjoyed rapid economic development in recent years, its per capita gross national product is less than one-third of the world's average, and many countries still have problems meeting their people's minimum needs and improving their working and living conditions.

Being the world's most populous developing country, China is fully aware of the problems that excessive population growth creates for economic and social development. The objectives of our development are: to quadruple gross national production by the end of this century so that the people will have a comparatively comfortable life, and to strive to approach the level of development of intermediately developed countries by the middle of the next century. To achieve these objectives, we will, as regards the central task, namely, economic construction, uphold the four cardinal principles, and persist in carrying out reforms, opening to the outside world, and making every effort to develop productivity. Meanwhile, we must practice family planning to control population growth so that population growth keeps pace with economic and social development. For many years we have adhered to the principle of combining state guidance with the people's voluntary participation and mobilized all our people to participate and support family planning, and have achieved fairly good results in this field. However, for a country with over 1 billion people, controlling population growth is definitely not an easy task, nor is it a problem that can be resolved in a short time. It is a task requiring protracted efforts. Therefore, we have listed family planning as one of our basic national policies and regarded control of population growth as a strategic task. First of all, we must strive to limit our population to approximately 1.2 billion by the end of this century. At the same time, we must gradually improve the nation's population structure so that it can be more conducive to social and economic development. This task will not be accomplished without the perseverance of people of several generations.

The ongoing socialist modernization drive in China requires people throughout the country to bring their wisdom and talents into full play. During the course of our modernization drive, both material and spiritual construction requires physically healthy, relatively educated, and technically skillful workers, as well as large numbers of specialists knowledgeable in modern science, technology, and management. Compared with the past, Chinese people today are much healthier, their average life span has reached 69 years, and they are also better educated and scientifically more knowledgeable. Thanks to the remarkable progress achieved in educational development, the nation has now relatively large numbers of intellectuals, scientists, and technicians. However, the number of personnel we have is still far from able to meet the needs of our development. As the nation's modernization drive proceeds, what we urgently need is constant improvement of our workers' proficiency, not a substantial increase of their quantity. By

means of legislation, publicity, education, and other measures, we should advocate better childraising and childcare, and accelerate the development of education, science, culture, public health, and social services so as to further improve people's physical health, heighten their moral sense, and upgrade their scientific and cultural proficiency. The Chinese people are traditionally hard working people. Once they have mastered advanced expertise and modern scientific knowledge, they certainly can make even greater contributions to their country.

Family planning, population control, and improvement of population quality are a great cause having a close bearing on the affluence and strength of the state and the prosperity and happiness of the people. Governments and mass organizations at all levels must heighten their sense of responsibility, place this project on their agendas, and accomplish it with perseverance. We must strive to achieve even greater successes in resolving China's population and development problems so that we can make our due contributions to population control and economic development in Asia and the world.

Thank you!

Population Growth Hinders Modernization
OW0107114888 Beijing XINHUA in English
0807 GMT 1 Jul 88

[Text] Beijing, July 1 (XINHUA)—China's huge population, which used to be evaluated as a great advantage, has become one of the most difficult problems for the country to solve today.

People are becoming more and more aware of the negative aspects of overcrowding, which has placed a heavy burden on China's economy and is an obstacle on its way to modernization.

The world's most populous country now has 1.08 billion people. If they all joined hands at the equator, they could encircle the earth nearly 50 times, and if they marched through Tiananmen Square in Beijing at a speed of six kph four abreast, it would take more than ten years for them all to pass through.

Overcrowding is the root cause of citizens' complaints. One has to spend hours, even a day or two, lining up for train or plane tickets. Shopping is no easier. You have to struggle through crowds on hot summer days to even reach the counter.

On the day the Longfu Department Store in Beijing opened for business, so many people flocked in that a large number of police had to be sent to the scene to maintain order.

Public transportation is important to a country where there are few private cars. But two out of three attempts to get on a bus can be a failure. Even if you finally

succeed, you will find you are crammed in like a sardine. During rush hours, every square meter on a Beijing bus has to accommodate 13 passengers.

In public parks it can take up to four hours lining up before you can take your children on a boat trip on a lake. One of the favorite recreation spots, the summer palace, accommodates 250,000 visitors daily in the busy tourist season.

Even in the remote, comparatively thinly populated city of Xining, Qinghai Province, 18 people were crushed to death and 113 others injured when 100,000 residents turned out for a Lantern Festival on the night of March 2.

Shortages are found in housing, kindergartens, schools and hospitals. Lines in restaurants are commonly seen and even public toilets are often fully occupied.

"I have become so impatient and often quarrel with people on the street," said a young lady from the Guangxi Zhuang Autonomous Region who is now in Beijing shopping with her fiancé for their coming wedding.

With every one person added to the urban population, a population expert said, an extra half a kg of grain, the same amount of vegetables, one kwh of electricity and 3.9 kilograms of water have to be provided each day.

Since China began its family planning program in the 1970s, it is estimated, the population growth has slowed by 200 million, postponing the Asian population growth by nearly four years.

However, still about 60,000 babies are born every day, or 15 million every year in China. Therefore, it will be no easy job for China to achieve its goal of limiting the population within 1.2 billion by the end of this century.

Politburo Member Qiao Shi Inspects Tibet
OW0107081988 Beijing XINHUA Domestic Service
in Chinese 1458 GMT 30 Jun 88

[By reporter Namgyai]

[Text] Lhasa, 30 Jun (XINHUA)—Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau, pointed out while inspecting work in Tibet from 15 to 29 June: Earthshaking successes have been achieved in Tibet in the past 30-odd years since its peaceful liberation. Large numbers of Tibetan peasants and herdsmen have very profound feelings for the party, support its policies on Tibet's work, take a clear-cut stand in upholding the unification of the motherland and opposing separatism, and treasure their good life and the hard-won political situation of stability and unity. This is a decisive factor comprising the good political situation in Tibet, as well as a standpoint from which to analyze the situation in the region.

Qiao Shi expressed his expectations for Tibet's present work.

Accompanied by Doje Cering, deputy secretary of the regional party committee and chairman of the region, and Gyaincain Norbu, deputy secretary of the regional party committee, successively inspected villages, factories, schools, and government offices in Lhasa, Xigaze, Shannan, Nyingchi, and other areas as well as a market on Balang Street in Lhasa City. While in rural areas, Qiao Shi visited peasant and herdsman households, asked peasants and herdsmen about their production and daily life, and listened to the opinions of cadres and people of various nationalities and circles. While visiting the Jokhang, Gandan, and Zashilunbu Temples, he asked about their management and Buddhist activities and hoped that they would become patriotic and religious temples.

On the situation in Tibet, Qiao Shi said: After the founding of the PRC, Tibet achieved peaceful liberation, carried out democratic reform, and did away with serfdom, thus liberating a million serfs. Since then, Tibet has practiced regional national autonomy and achieved great, earthshaking successes in economic construction and other fields. Particularly since the 3d Plenary Session of the party's 11th Central Committee, the central authorities have put into practice a series of special policies in Tibet, noticeably improving the living standards of the Tibetan people. This is obvious to all. He said: While visiting Tibet this time, we particularly feel that the broad masses of peasants and herdsmen and other working people here have very profound feelings for the party and wholeheartedly support the party's line, principles, and policies laid down since the 3d Plenary Session of the 11th party Central Committee as well as its various policies concerning Tibet's work. They are ideologically stable and enthusiastic about production and take a clear-cut stand in opposing activities to divide the motherland, opposing disturbance and troublemaking, and upholding the unification of the motherland and national unity. It is because of this that although a very small number of separatists have created several incidents of disturbance since last September, they have not produced any serious influence on the whole region. The situation in the region is basically stable. In a word, I feel that the political and economic situation in Tibet is good and full of promise. We should be fully confident of successful construction in the region.

While visiting various parts of the region, Qiao Shi stressed the importance of strengthening national unity. He praised Banqen Erdini Qoigy Gyancan, vice chairman of the NPC Standing Committee, for his consistent patriotic stand and his positive contribution to upholding the unification of the motherland, opposing separatism, and promoting national unity. Qiao Shi said: Tibet has its specific characteristics. Strengthening the unity of various nationalities is a basic guarantee for effectively performing work in various fields, developing various undertakings in construction, and winning the victory of

the struggle against separatism. Upholding the unification of the motherland and building socialism with distinctive Chinese characteristics form the common political basis for our unity, and we must subordinate ourselves to this great objective in both thinking and action. He said: In the long process of historical development, the Han and Tibetan nationalities have formed an inseparable, close relationship; their vital interests at present are identical. Thus, they should be united more closely. Cadres of Han and Tibetan nationalities should respect, learn from, help, care for, and support one another to make progress and efficiently do their work together.

On Tibet's economic work, Qiao Shi pointed out: To achieve stability and development and push forward the work in various fields, the basic link to grasp in Tibet is to carry out economic construction in a down-to-earth way by starting with the development of the productive forces. He hoped that in economic work, Tibet would seek a way to develop the productive forces and to gradually develop a socialist commodity economy on the basis of the existing foundation and according to the party's basic line for the initial stage of socialism and its actual conditions.

On the building of basic units, Qiao Shi said: Party branches at the basic level and grassroots organs of political power always work among the masses and are in constant contact with them. If primary party organizations and grassroots organs of political power are not sound enough, they will be unable to effectively lead the masses in implementing the party's principles and policies. He hoped that leaders at various levels would regard this work as a key link to grasp in basic units and do it well.

Qiao Shi hoped that cadres at various levels, especially leading party and government cadres, would often delve into reality, visit basic units, forge close ties with the masses, heed their opinions and voices, show concern for their production and livelihood, and solve practical problems and difficulties for them.

Qin Jiwei on All-People National Defense Concept
HK2906115788 Beijing RENMIN RIBAO
in Chinese 28 Jun 88 p 4

[Dispatch by reporter Luo Maocheng (5012 5399 1004):
"Qin Jiwei Stresses Need To Enhance People's Sense of
National Defense"]

[Text] A seminar on defense education in Sichuan Province was opened today in Chengdu. Defense Minister Qin Jiwei wrote a letter to extend warm congratulations to the meeting. He pointed out that strengthening defense education and enhancing the people's sense of all people national defense is an important matter that has a bearing on the fundamental interests of the state and the nation.

In his letter, Qin Jiwei said that in the later years of the last century and the early years of this century, owing to the corruption and incompetence of the ruling class in China, our country had no border defense, and the imperialist powers were able to trample upon our territory at will. Since the founding of New China, the party and the state have attached great importance to the development of national defense. We not only have built a strong People's Army but also have adopted a series of measures to strengthen our national defense. This has effectively consolidated our national defense, guarded against external invasion, and safeguarded national security. However, since there has been peace for a long time, some people's sense of national defense has been weakened. For example, some young people lack enthusiasm for joining the Army and rendering military service; some military facilities have been damaged artificially; and people on some occasions have not shown respect for the army personnel. Therefore, it is necessary to conduct national defense education among the people, especially among the young people, so as to strengthen everyone's sense of national defense. This is an issue to which the whole society should pay attention.

Qin Jiwei emphatically pointed out that an important point in strengthening defense education is to guide the people to understand correctly the relationship between defense construction and economic construction. In the period of peaceful construction, national defense education is necessary not only because of the needs in safeguarding national security but also because this will play a major role in boosting the rallying and centripetal force of the Chinese nation and in uniting the whole people to realize the "four modernizations."

Qin Jiwei finally pointed out: Our defense should be the whole people's national defense. All trades and people in all walks of life throughout the country should care about defense construction and attach importance to national defense education. All mass media should give more publicity to the significance of national defense. Sichuan has done a good job in this aspect. Now, Sichuan is holding this meeting to sum up and exchange experiences and to study the further steps in national defense education. This is of great significance. I believe that this meeting will certainly provide useful experiences for the whole country.

Nation Takes Good Care of Army Retirees
OW3006152688 Beijing XINHUA Domestic Service
in Chinese 0715 GMT 26 Jun 88

[By reporters Xu Jingyao and Zhang Haiping]

[Text] Beijing, 26 Jun (XINHUA)—A total of 110,000 veteran cadres have retired from the PLA. The party, government, and Army have paid great attention to these retired cadres.

Our reporters have learned from the department concerned in the Army that right now, more than 4,300 Red Army men, 47,000 veterans of the Eighth Route Army, and 10,000 army cadres who joined the Army during the War of Liberation, have retired. In addition, there are more than 26,000 army retirees taken care of by local governments. All of them have won high respect in the society. The Army has permitted the retirees to keep some privileges so that they may read documents on time, given them various reference materials for study, and issued them guidelines laid down at various major meetings. In order to encourage the army retirees to maintain and carry forward the revolutionary traditions, the Central Military Commission plans to commend them for their past contributions to China's revolution. From now on, arrangements will be made according to the actual situation for them to attend major holiday gatherings and military parades. Arrangements will also be made for some of them to be seated on the rostrum or reviewing stand. They will be invited to watch the local military exercises. Retired cadres with special professional skills will be invited to assume honorary posts on a priority basis. Right now, a large number of retired army cadres are working for various social and academic organizations and making new contributions continuously.

The state and the Army have also vigorously created favorable material conditions for the army retirees to help them spend their remaining years in happiness. Nearly ten sanitoriums with attendants and cars have been completed for the retired army cadres. Living allowances are being paid to those retired army cadres who joined the Red Army or had enlisted during the War of Resistance Against Japan. Their medical benefits have been increased. The Central Military Commission has also studied and decided to continue improving their living conditions from now on.

Hong Kong Merchants Delegation Meets Officials

Feted by Ji Pengfei

*OW2906012188 Beijing XINHUA in English
1224 GMT 28 Jun 88*

[Text] Beijing, June 28 (XINHUA)—Ji Pengfei, director of the Hong Kong and Macao Affairs Office under the State Council, met and feted here today a delegation of foreign merchants in Hong Kong.

The delegation is headed by Martin Barrow, chairman of the Jardine Matheson (China) Ltd.

The host and guests exchanged views on the further development of the economic cooperation between the Chinese mainland and Hong Kong.

Ji welcomed foreign traders from Hong Kong to do investigations on the mainland and hold negotiations on trade and economic cooperation.

He said that China is speeding up economic legislation to provide better legal guarantee for foreign investors.

Barrow said that a number of members in his delegation have invested on the mainland in various forms.

Trade and economic cooperation between Hong Kong and the mainland have developed very rapidly over the past few years, he said, adding that such cooperation is beneficial to both sides.

The purpose of the visit, he said, is to exchange views with the Chinese departments on furthering economic ties between Hong Kong and the mainland and other issues of common concern.

The delegation arrived here this afternoon at the invitation of Ji's office and the guests will stay here for three days.

Meets With Gu Mu

*OW3006184588 Beijing XINHUA in English
0934 GMT 30 Jun 88*

[Text] Beijing, June 30 (XINHUA)—Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, told a group of visiting international businessmen from Hong Kong that the Chinese Government will continue to work for the improvement of investment environment in China.

The group leader, Martin Barrow who is chairman of Jardine Matheson (China) Ltd., said that business people in Hong Kong are happy to see that China has all along made efforts to improve its investment environment since the adoption of the open policy over the past decade.

All members of his group have invested in China in one way or another, he added.

Researcher Discusses Good Points of Price Reform

*OW0107112088 Beijing XINHUA in English
0820 GMT 1 Jul 88*

[Text] Beijing, July 1 (XINHUA)—"China's price reform will be good for the economy and the society, and will also promote the country's economic and political reform," said researcher Mao Yushi.

In an interview with the "PEOPLE'S DAILY," Mao, a researcher from China's Academy of Social Sciences, also said, "Price reform will eliminate waste, because now the prices of raw materials, energy and transportation are too low, so the masses are encouraged to be wasteful and some firms do not replace outdated equipment with energy-efficient models."

Price reform can promote the growth of the forces of production and increase supply, Mao went on, and by conserving raw materials, energy and transportation supplies more commodities can be produced.

"Price reform is an effective way to increase output without increasing input," Mao said, adding the reform can help enterprises work out production plans, guide the masses in consumption, and help readjust the country's production structure.

With prices higher for those commodities in short supply and now still too low in price, some individuals will automatically curb buying, while manufacturers will be encouraged to expand production, Mao explained.

In addition, Mao said, price reform will help discourage embezzlement and bribery, and cut inequalities in the income distribution across society.

According to Mao, a big gap now exists between state-set prices for commodities in short supply and actual sale prices, which makes it possible for some government offices and people with connections to be involved in profiteering, speculation, and other illegal economic activity.

In the interview Mao urged the state to immediately abolish the existing two-level price systems, namely state-set prices and market prices for the same commodities.

"Stressing only how difficult and risky it is to carry out price reform is too one-sided," Mao said, "and now the time is right for China to carry out price reform, because the country has scored an economic growth rate of more than five percent over the past few years."

Economists Urge Anti-Inflation Efforts

Li Yunqi Comments

HK2706064288 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 27 Jun 88 p 1

[By staff reporter Gao Shi]

[Text] China has no other way to improve its economic health than by reforming its existing price structure, but the most important prerequisite is to throttle inflation, economist Li Yunqi said in a recent interview with CHINA DAILY.

Li, 34, is a financial expert with the Finance Research Institute of the People's Bank of China, the country's central bank. He is leaving for the United States on Wednesday on a research tour.

Price reforms are unavoidable, he said, but the policy of taking advantage of inflation to stimulate production is very dangerous. This is the viewpoint of his recent article that appeared in PEOPLE'S DAILY.

He likened the inflation policy to opium. Opium smoking may make one feel nice and refreshed, but the internal health system is gradually damaged. Eventually the smoker will undergo painful and fatal suffering.

He further explained that many people, both in China and abroad, tend to misunderstand the inflation problem in China. Price rises are not equal to inflation, he said.

According to Li, prices are expected to increase about 15 percent this year. Half of the rise may be the necessary modifications of price reforms; the other half belong to irrational price hikes which are the very inflation in China that must be tackled, he said.

The principal reasons for inflation include an easy money market and excessive issuing of banknotes and faulty investments, he said.

"I'm in favour of price reforms, but at the same time we must secure a tight money market," Li said.

"It is my suggestion that we don't relax the restrictions on prices until we keep a tight money market for some time to regulate the relations between various aspects of the economy, and secure an approximate balance of supply and demand.

"If price reforms are conducted under such conditions, we could minimize overall and sustained price hikes," he said.

To keep the money market tight will slow down the fast development of the economy, Li admitted. "But it is not a bad thing."

The continued fast growth of China's industrial production is not because of the development of State-owned enterprises, but of the great increase of township enterprises that are mostly very poor in efficiency, management and technology, Li said.

Pursuing short-term profits, they not only produce great amounts of low-quality goods that are flooding the market, but also ignore the essential progress of technology and compete for raw materials with State enterprises. Such inefficient firms should be checked, he said.

Township enterprises in China generally depend upon State loans issued by the Bank of Agriculture, he explained.

"The tight money policy cannot be geared to all the enterprises without discrimination," he said.

"We should practise a priority tight policy; that is, classify the enterprises, State and township ones alike, into several categories of ABCD, for instance, and let those with good efficiency eat their fill while starving the low-efficiency ones to death, or forcing them to switch to other production."

Besides keeping the money market tight, other supplementary measures must be taken to control the inflation rate, Li added.

Reform of enterprise management should be conducted along with price reform, he said.

Enterprises in China are generally under strict control of the bureaucracy. Hence their production is not geared to the market demands, but to the favours of government officials.

A new class of entrepreneurs should be cultivated. They should be free from administrative meddling and be solely responsible to the market, and conduct their business activities according to law, he said.

Another important point is to limit the powers of government, he said.

According to Li, the powers of government should be confined to three respects.

—Enforce economic laws;

—Protect the rights and contracts of enterprises;

—Maintain competition and combat monopoly.

Market, enterprise and government, he summarized, are the three mainlines of reform. If they are reformed together, China's entire economic reformation will be possible, he said.

Xue Muqiao's Thoughts

OW3006134088 Beijing XINHUA in English
0530 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)—"China must curb its inflation by taking all possible measures to tighten state economic control and restore a balance between total social demand and supply." So said leading economist Xue Muqiao.

Writing in an article in today's "GUANGMING DAILY", Xue, 84, attributed price rises in China in recent years primarily to inflation caused by a failure in overall state economic control.

If China arbitrarily controlled prices without solving the inflation problem, inflation would surely appear in what he called "concealed forms", resulting in distorted prices.

According to Xue, distorted prices are detrimental to China's economic reform and are liable to worsen the already existing shortages of some materials, causing spiralling price rises.

The solution to China's inflation, caused largely by overextension in the area of capital construction, lies in lowering the country's present overheated economic growth and exercising effective state control over China's economic life, Xue noted.

"We should continue lifting government control over prices of commodities as much as possible," he said in the article under the heading "inflation and price rises".

He called for readjusting government-listed prices for capital goods, such as rolled steel, to narrow the difference between their current prices and market prices.

Xue also stressed the need to tighten control over enterprises that raise prices without authorization and to crack down on speculators taking advantage of the price reform.

"The present market situation allows for no optimism," he said, "in addition to accelerated prices in the past few months, the panic purchasing of matches, soap and toilet paper occurred in Beijing, Shanghai and Nanjing in the first quarter of this year."

"Once the state intervenes, the panic purchasing will vanish, but this should put us on the alert," he continued.

Effective measures must be taken to check inflation, lift government control over prices as much as possible and make sure that the law of value rules in regulating the market, he said.

Overall Conditions For Reform Discussed

HK0107041188 Beijing LIAOWANG in Chinese
No 25, 20 Jun 88 p 3

[Article by Mo Ru (5459 1172): "Put the Overall Situation in the First Place"]

[Text] Putting the overall situation in the first place is an important principle to guide anyone engaged in a cause. There is no exception to this in modern or ancient times. The "Story of the Three Kingdoms" relates: A famous general named Ma Chao came to Sichuan and was given an important position by Liu Bei. Guan Yunchang, who was garrisoning Jingzhou, found it hard to accept the fact and made up his mind to leave Jingzhou for a swordfight with Ma Chao in Sichuan. Hearing this, Zhu Gelang wrote a letter advising him to take the overall situation into account. His words were not many but struck home: "It is by no means unimportant to garrison Jingzhou; if you leave for Sichuan and Jingzhou falls into enemy hands, this will be a big crime. Please think it over." The

overall situation on Zhu Geliang's mind was the greatest interests and strategy of the Liu Bei regime. For him, this was something not to be damaged.

Today reforms in China have entered a critical stage. The new and old systems are intertwined, contradictions keep cropping up, and difficulties are arising one after another. In this critical moment, we are particularly required to have a wide perception of the overall situation, to guide our action with this principle, and to overcome difficulties for a greater victory.

The overall situation includes the interests of the whole country. The overall situation in China today is this: Focusing on economic construction, the whole country is adhering to the four cardinal principles and is upholding the general line, principle, and policy of reform and opening up to the world. This is the core of our strategy, and we should remain firm on this point. The whole country is engaged in the four modernizations and the invigoration of the economy. This is a common target of the people throughout the country, and we should have a clear idea on this point. The whole country is striving for a situation of stability and unity and is creating a good environment for reforms. Without this, construction, reforms, and great targets will remain empty talk. All localities, units, and individuals should put this overall situation in the first place in everything they do. We should do everything beneficial to the overall situation and oppose anything detrimental to the overall situation.

In this critical moment, we should be clear-minded; we should not lose sight of our general orientation because of the interference of insignificant issues.

Thus it can be seen that it is particularly necessary to propagate the following three types of spirit:

The spirit of going forward unswervingly. Reform in any society always involves millions of people. Reform in China is also called a revolution. From this we know how difficult reform is. Price system reform, wage system reform, and labor system reform are all difficult but must be carried out. What should we do? Should we retreat before difficulties or skirt around them? No. In modern and ancient times, in China and elsewhere, there have been facts proving that retreats before difficulties will bring about stagnation in society and cause losses to the people. Without reform, there will be no way out for China; and without surmounting difficulties, there will be no way out for reform. Therefore we must make up our minds to persist in reform through to the end. There are sure to be difficulties, obstacles, and dangers. But Comrade Zhao Ziyang put it well: Difficulties in reform can only be overcome through further reform.

The spirit of mutual accommodation and unity between the higher authorities and the lower levels. In China's revolutionary history, there have been many examples proving that when officials and civilians, officers and soldiers are united, they can surmount all difficulties and

blaze a new trail in the situation. "Unity being strength" is a truth known to everyone. Therefore the government is required to care for the suffering of the people, and the people should make allowance for the difficult situation the government is in. In this way they will be able to overcome difficulties together. The government and the people have done well in the current nonstaple food price adjustment. Taking account of the people's difficulties, the government has changed the method of supplying covert subsidies into one of supplying overt subsidies, thus preventing a drop in the people's standard of living. The urban people have made allowance for the difficulties of the government: From the fact that the subsidies provided by the government are not adequate, the urban people understand that the government is encountering financial difficulties. The current price adjustment is proceeding smoothly because of this mutual understanding. Price reform will meet with greater difficulties, but in the course of this reform the central authorities will also reform the wage and labor systems and adopt other relevant measures with the aim of ensuring the people's long-term interests and reducing the people's losses resulting from price reform. Although there are difficulties and obstacles in reforms, they can be overcome so long as great efforts are made. Or it can be expressed this way: Although there are difficulties and obstacles in reforms, they can be overcome so long as unity is achieved. To achieve, an important point is to have mutual understanding and mutual accommodation.

The spirit of giving much thought to resolving problems and of remaining calm in face of difficulties. Remaining calm in face of danger is the style of a great general. In the great cause of reform in China, this boldness of vision is also necessary. Comrade Deng Xiaoping said on four occasions recently that price reform involves a risk, and possibly a big risk, and that the country should brave the risk. This risk has two aspects. One is confusion that may possibly arise in our economic life. It is inevitable that temporary, partial confusion will crop up during the transition from the old system and orbit into the new system and orbit. Have we not said that we should keep improving while reforming? So we must strive to shorten the period of confusion and reduce the degree of confusion. There is no precedence to go by in our reforms. Unexpected contradictions and confusion will still take place despite meticulous arrangements by the central authorities. Mistakes and errors are also inevitable in the course of reform. There is one useful method, that is, paying attention to the process of reform and summing up lessons and experiences promptly. The other aspect is confusion that may possibly emerge in our social life. The further we carry out reforms, the more fundamental problems we will tackle and the more personal interests will be involved. In this case, some people will certainly feel dissatisfied. Now some people are already shouting abuses on the streets. It is also possible that a small number of people will make trouble due to a lack of understanding of the present reforms. First, we should oppose this and, second, we are not afraid of it. We oppose it because we know very well that without social

stability, we will suffer setbacks in production and reforms and the people throughout the country will suffer losses. We are not afraid of it because we are deeply convinced that the majority of the Chinese people are in favor of reforms. It is true that some people do not have a correct understanding of reforms, but they will change their minds so long as we explain them clearly. We should remind them that they can have a better perception of things provided they are willing to give much thought to resolving problems and to put the overall situation in the first place.

The Chinese Red Army encountered quite a number of difficulties in Loushanguan and Lazikou. There are also many such difficulties in our reforms. So long as the whole country makes efforts to surmount these difficulties, a new situation will arise in which "everyone will beam with joy."

Daily Discusses Enterprise Contract System
HK7906034588 Beijing GUANGMING RIBAO
in Chinese 11 Jun 88 p 3

[Article by Shen Zhikun (3088 1807 0981): "A Tentative View on Enterprises Running Other Enterprises on a Contract Basis"]

[Text] Enterprises running other enterprises on a contract basis involves the composition of the contractors. It refers to a method of operations under which some enterprises assume, according to contracts, overall responsibility over the production and operational activities of other enterprises under ownership by the whole people. This comes under the category of the enterprise contracted management responsibility system. The chief distinguishing feature of the practice of enterprises running other enterprises on a contract basis finds expression in the contract principals, which are enterprise legal entities. Relative to individuals or collectives, the enterprise legal entities usually have fairly solid economic power, strong production and operational capabilities, and a strong sense of responsibility, and therefore have a relatively higher expectation of achieving the contracted objectives. For this reason, the practice of enterprises running other enterprises on a contract basis is a method of contracted management which should not be overlooked in the current process of stimulating the contracted management responsibility system.

It should be made clear that although this practice has led to a strong link between two enterprises in production, operations, and even the administrative organization of enterprises, it is still only a method of contracted management and should be strictly distinguished from the merger of enterprises. As we all know, the merger of enterprises means that two independent legal entities form an enterprise legal entity through a legal process. In the case of an enterprise running another enterprise on a contract basis, although responsibility for production and operational activities of the latter are assumed by the former, both are still independent legal entities

having separate properties and capable of independently assuming legal obligations and performing legal rights. The nature of ownership of the two enterprises does not change as a result of the contract. Moreover, as soon as the contract is terminated, the relationship of rights and duties between the two enterprises also disappears. Thus, in contrast to the close link in production and operations in the contracted period, they have become two enterprise legal entities with completely independent operations.

To take the greatest advantage of this method of operations, it is necessary to impose general restrictions on the qualifications of enterprise contractors. First, the enterprise contractors must have qualifications as legal entities. As a legal entity, an enterprise contractor can take advantage of its own property to independently assume the rights and duties laid down in the contract, thus genuinely fulfilling the "contract." Second, an enterprise contractor must have the necessary capabilities to run another enterprise on a contract basis. This involves two things: 1) It should have capabilities in terms of capital, technology, personnel, and operational capabilities. 2) Its contracted capabilities should change according to the difficulty of the contracted enterprise. When an enterprise has the capability to contract for another enterprise, which yields relatively poor economic results, this does not mean that it has the capability to contract for another enterprise, the economic results of which should be considerably improved. Although scale is one of the criteria for determining the contracted capabilities of an enterprise contractor, it is not the only and absolute criterion. Under certain circumstances, a small enterprise can also contract for a large enterprise. Third, given the present economic conditions, an enterprise contractor should be in the same or similar line of trade as the contracted enterprise. This is aimed at ensuring the complete achievement of contracted objectives. It is also conducive to overall improvement in the trade technological level and operational capacity. Naturally, when the contracted management responsibility system has developed to a certain level, this restriction may be lifted.

The most worrying problem following the development of the practice of enterprises running other enterprises on a contract basis is whether it will lead to trade monopoly when an enterprise contracts for a certain number of enterprises. As the current practice of enterprises running other enterprises on a contract basis is still undeveloped, this does not pose a serious problem. But this is indeed a "long-term concern," toward which we should take appropriate measures. First, while instituting the practice of enterprises running other enterprises on a contract basis, we should also encourage and promote the application and development of other contract forms and operational methods to avoid the lopsided development of this homogeneous method of operations. Second, we should work out the relevant laws and regulations, such as the antimonopoly law and the law for the prevention of illegitimate competition, so as to

bring the operational activities of enterprises running other enterprises on a contract basis into the orbit of the legal system. Third, we should introduce the competition mechanism, encourage individuals, collectives, and enterprise legal entities to compete in the course of contracted activities, and encourage enterprises to compete for contracts by submitting public bids. When conditions are ripe, we should allow competition among enterprises in different trades and departments. Fourth,

it is necessary to bring into full play the role of government economic management departments in regulating and controlling the operational activities of enterprises. With regard to enterprises having a monopoly tendency, we should restrict them by controlling the number and scale of the contracted enterprises; with regard to those already having a monopoly posture, we may rescind their contracts when necessary and employ other contractors.

East Region

Jiangxi Secretary Attends Reform Meeting

OW3006182388 Nanchang JIANGXI RIBAO
in Chinese 15 Jun 88 P 1

[Excerpts] The general offices of both the Jiangxi provincial party committee and government jointly held a meeting of secretaries general and chairmen of general offices of the prefectural and city party committees and governments from 7 to 10 June to convey the guidelines of two national conferences respectively on domestic reception work and on curbing institutional purchasing power. Serious discussions were carried out at the meeting on implementing these guidelines. Comrades Mao Zhiyong and Liu Fangren visited with the participants at the meeting. Comrades Wu Guanzhen and Jiang Zhuping spoke at the meeting.

The meeting called on the whole province to resolutely implement Comrade Zhao Ziyang's directive on "Economic Prosperity, Honest Party and Government Organs, and Upright Cadres" in the new situation of reform and opening and to follow the directives of the party Central Committee and the State Council and comply with the requirements made by Comrade Li Peng on "warm hospitality, hard working and thrifty, four dishes and one soup, and beginning from the leadership" in domestic reception work. [passage omitted]

The conference also emphatically pointed out that currently our province's consumer funds are over expanded, and that the institutional purchasing power is increasing too fast." [passage omitted]

The meeting called on the various localities and departments to persist in and carry forward the fine tradition of arduous struggle, to curb extravagance and wasteful practices in institutional buying and reception, and to resolutely control the institutional purchasing power within the prescribed limit. [passage omitted]

Shanghai Steps Up Research for Key Projects

OW3006160488 Beijing XINHUA in English
0757 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)— To revitalize the local economy, the government of Shanghai in east China has approved 17 scientific research items, designed specially for 14 planned key industrial projects, the "PEOPLE'S DAILY" reported today.

Contracts for the research items were signed yesterday in the city following public bidding, the paper reported.

The projects are aimed at applying advanced science and technology to develop some new and first class products to sell on international markets and help establish large enterprise groups within a period of three to five years.

The 14 key industrial projects are part of the city's efforts to boost an export-oriented economy of Shanghai, one of China's major coastal cities.

Shanghai Begins Work on Largest Power Plant

HK3006083288 Beijing CHINA DAILY
in English 30 Jun 88 p 2

[By staff reporter Shen Feiyue]

[Text] Shanghai—Construction work started yesterday on the city's largest electricity project, the Shidongkou Second Power Plant, to alleviate a severe power shortage.

With an investment of about 2.3 billion yuan, the first phase is the installation of generators with a total capacity of 1.2 million kilowatts, said Tu Donghai, vice-president of Huaneng International Power Development Corporation, Shanghai Branch.

The first generating unit will go into operation before the end of 1990, and the second by August 1991.

"The power plant will greatly ease the shortage of electricity in Shanghai. Its electricity can also be transmitted to other provinces in east China," Tu said. The city faces a shortage of about 300,000 kilowatt-hours of electricity in the three months until September.

The project is being co-financed by the Huaneng International Power Development corporation and the Shanghai Municipal Government. About 1.5 billion yuan of the investment will be financed by low-interest loans from foreign governments and banks. The loans will be paid back in 10 years after the power plant goes into operation.

The plant will use advanced technology and equipment from three American companies and a Swiss company.

The project involves the first supercritical, large-capacity coal-fired power plant ever built in China. It will have improved thermal efficiency to reduce the consumption of coal, said Liu Baoyang, chief engineer of the Huaneng company.

Central-South Region

Hubei Meeting Urges Reforming Militia Work

HK3006072588 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 29 Jun 88

[Excerpts] A 4 day-long provincial representative assembly of units and individuals in the militia reserve closed in Wuchang yesterday afternoon. Speaking at the closing ceremony were Governor Guo Zhenqian and Zhang Xudeng, secretary of the Discipline Inspection Commission of the Guangzhou Military Command. The provincial party committee Deputy Secretary Qian Yunlu read a decision made by the provincial party committee, the

provincial people's government, and the provincial Military District on citing units and individuals advanced in the militia reserve service. Present at the meeting were Guan Guangfu, the provincial party committee Secretary and the provincial Military District party committee First Secretary, Wang Seng, commander of the provincial Military District, and Political Commissar Zhang Xueqi. [passage omitted]

Zhang Xueqi, member of the provincial party committee Standing Committee and political commissar of the provincial Military District, delivered a report entitled *Learn From the Advanced and Deepen the Reform so as To Push Forward the Building of our Province's National Defense Reserve Forces*.

The meeting pointed out: The major tasks for the People's Armed Forces of our province at present and in the coming years are to step up reform of the militia reserve service work with the focus on economic construction of the country. The reform should proceed from the national conditions and military situation and be carried out in step with our province's economic and political structural reforms. Development of these reforms should be well coordinated so as to promote both the productive forces and combat effectiveness. Only by doing so will it be possible to give full play to the leading role of the militia reserve forces in the building of the two civilizations and to instill more vitality and vigor into the militia reserve service work.

The meeting noted: With regard to the consolidation of themselves, at present the people's armed forces departments at various levels should waste no time in raising the political integrity and professional quality of personnel of the people's armed forces so that they will be proficient at both military affairs and production. Local leaders at all levels should have a better understanding of the position and role of the people's armed forces departments and help them solve some practical problems, improve their working conditions and enable them to concentrate efforts on their job so as to strengthen the people's armed forces departments as a whole.

The meeting stressed: The people's armed forces departments at all levels should encourage vast numbers of militiamen to take an active part in the building of the two civilizations, take the lead in publicizing the party's line, principles and policies, plunge into urban reforms, take the initiative in developing production, caring for the needy and those who are in difficulty, and shaking off poverty to seek prosperity, take the lead in changing prevailing habits and customs, and consolidate and develop what the militia has achieved in building the two civilizations.

The meeting also called on all local authorities to put in a lot of effort to spread national defense education and enhance the national defense sense among the army and people of the whole province. Party, government, and military organizations as well as such mass organizations

as trade unions, CYL, and Women's Federation, and particularly propaganda, educational, cultural, the press and publication departments, should coordinate their efforts so as to form an education network covering the state, the Army, schools, society and families as a whole. Military units stationed in our province and all the militia should play a leading and exemplary role in carrying on national defense education. It must be particularly pointed out that practical results should be emphasized in conducting national defense education, which should be rich and varied in content and solid in style. [passage omitted]

Hubei Party Meeting Views Current Problems

*HK0107043388 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 30 Jun 88*

[Excerpts] On 27 June, the Hubei Provincial CPC Committee held a Standing Committee meeting to discuss the questions of keeping the provincial organs incorruptible and strengthening and improving ideological and political work in the province. Secretary Guan Guangfu presided. [passage omitted]

The meeting said that the whole body of party members and work personnel in the provincial party and government organs, and especially the leading cadres, must succeed in the following aspects: They must be incorruptible and impartial in their dealings and serve the people wholeheartedly. They must deal justly with business for the people, refrain from accepting gifts or banquet invitations, and refrain from using their powers for private purposes. They are strictly prohibited from going off on tours at public expense or holding meetings in scenic areas during peak tourism seasons. Leading cadres should only take a small retinue and travel simply when they go to inspect work at the grass roots. Party and government leaders may not come out to greet them or bid them farewell, and still less should they go to railroad stations, wharves, airports, or borders to do this. Their provisioning standards must be kept simple at the level of four dishes and one soup.

Party and government organs may not engage in commerce or run enterprises. It is essential to strictly enforce financial and economic discipline and to control the purchasing power of social groups. It is forbidden to build hostels or cadre rest centers during the Seventh 5-Year Plan, and the purchase of automobiles must be strictly controlled.

It is necessary to strengthen the work of the supervision, auditing, and judicial organs and the party's discipline inspection organs and give full scope to their supervisory role. It is necessary to punish, according to law, bribery, corruption, embezzlement, malfeasance, extortion, blackmail, and other illegal and criminal behavior. The party work committee of the provincial organs and the provincial Supervision Department must carry out an annual inspection of the provincial organs. [passage omitted]

The meeting held that there are still many weak links in ideological and political work in the province, and this work is very far from meeting the demands of reform, opening up, and building a new order of socialist commodity economy. There are also some problems that cannot be neglected among the cadres and masses.

The meeting pointed out that, to ensure the smooth development of reform and economic construction and consolidate the political situation of stability and unity, it is essential to grasp reforms and opening up with one hand and ideological and political work with the other. At present we must focus on the following aspects of work:

1. Further develop the economy and make the markets prosperous. Our reforms are now at a crucial stage. Price and wage reforms constitute a very difficult and unavoidable question. We must be mentally prepared enough for this and advance through the waves. We must vigorously develop socialist commodity economy, aim at the markets, and produce commodities with a ready market, to provide ample materials for market prosperity and to satisfy the people's needs. This must not be forgotten at any time.

2. Consolidate and develop the political situation of stability and unity, which was not easily attained. All aspects of society must work to consolidate and develop this situation. Generally speaking, the whole of society is stable, but there are also indeed certain factors for instability. We must work unwearyingly to resolve the problems in the budding stage and be skilled at using legal and educational means to manage society.

3. Vigorously step up and improve ideological and political work. The more the reforms enter the crucial stage, the more important it is to vigorously step up ideological and political work. We must give full scope to the role of the media. On the one hand we must consolidate and develop the fruits of the media in expanding reportage, making affairs more transparent, and strengthening supervision by public opinion in the course of reform, and on the other hand we must judge the hour and size up the situation and act cautiously in exposing the dark side of society. In doing so we must benefit the interests of the party and people and the nation, help to resolve the contradictions, and guide the people to correctly understand the current problems. In short, we must put social effect in the primary position.

Newspapers, radio, and television enter millions of households and have a great impact. At present they should publicize with great fanfare the excellent situation in the reforms and economic construction and the new people, deeds, and styles that have appeared in reform. [passage omitted]

4. Party and government cadres must step up study and be just and incorruptible in their dealings. [passage omitted]

North Region

Beijing To Reform Political Structure *OW3006203188 Beijing XINHUA in English* 1333 GMT 30 Jun 88

[Text] Beijing, June 30 (XINHUA)— The Beijing Municipal Committee of the Communist Party of China has worked out concrete measures to reform the city government's political structure.

An outline on the first-step in the reform was adopted yesterday at a plenary meeting of the municipal party Committee.

The outline is expected to be published soon, after some revisions are made in accordance with the suggestions and opinions raised at the meeting.

The committee's action follows in line with a decision on political reform by the party's 13th national congress, held last year.

The party's immediate objective of reforming the country's political structure is to "institute of leadership that will help to raise the efficiency, increase the vitality and stimulate the initiative of all sectors of society."

For this purpose, Beijing will take the separation of the functions of the party and government as "the principal link" in restructuring its party organizations, improving the party leadership and promoting the city's modernization drive.

As far as the separation of the part and government functions is concerned, the municipal party committee will not allow department secretaries to retain authority over different economic functions. Their work will be transferred to the city government.

The committee has also decided to do away with the existing industrial, commercial, foreign economic relations and trade, and urban construction work departments.

The municipal party committee will "actively support the city government to independently exercise its administrative power."

The party committee members will give "more time and energy" to do investigation and research work and provide opinions and suggestions for final policy decisions. This will strengthen the party's political leadership.

In principle, the municipal party committee will not set up temporary departments so as to let the permanent ones properly fulfill their roles.

The secretary of the Beijing municipal party committee, Li Ximing, who is also a Political Bureau member, said the reform of the political structure is "complicated task", and should be conducted in a "steady way".

Northwest Region

Gansu Military Factory To Produce TV Sets

HK3006080288 Beijing CHINA DAILY
(LANZHOU SUPPLEMENT) in English 30 Jun 88 p 1

[Text] The State-run machinery factory Chang Feng is the backbone of a large scale military enterprise under the Ministry of Electronic Industry. It is a professional factory which can produce and develop military equipment and high-grade electrical equipment for the home. The factory was founded in 1956. It was one of 156 main projects during the First Five-Year Plan.

The factory has enlarged the scale and capacity of its production through 30 years of development. The factory has solid and advanced technology for production, well equipped machinery and electrical instruments. It can design and produce four different series of electrical equipment for military use. It also makes washing machines, television sets, ventilators, numerical control equipment, large movement screen display equipment, civil aviation radar and other Chang Feng brand products for civil use.

The factory adheres to the principle of new products, high quality, low price and good service. Since 1978, 19 items have won prizes for scientific and technological achievements and titles for high quality.

After 1984, the factory cooperated with Switzerland, West Germany, Japan and Holland in the fields of technology and imported precision processing equipment, and built a washing machine production line able to produce 400,000 doublebucket spraying washing machines a year and a TV production line turning out 150,000 18-inch remote control colour TV sets annually.

In May 1987, Chang Feng Electrical Equipment Group Company was set up with Chang Feng brand products as its "dragon head."

Qinghai Secretary Speaks on Party Supervision

HK3006092588 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 29 Jun 88

[Excerpts] This morning party committees of organs directly under the provincial authorities held a meeting at the provincial Hall of the People, commending 31 advanced party branches, 172 outstanding party members, and 29 excellent workers engaged in party affairs emerging in organs directly under the provincial authorities last year. Yin Kesheng, secretary of the provincial party committee; (Yin Fang) and (Hou Shaoqing), members of the provincial party committee Standing Committee; Ma Wanli, chairman of the provincial Advisory

Commission; Huanjue Cailang, chairman of the provincial People's Congress Standing Committee; and Duo Ba, secretary of the provincial Discipline Inspection Commission awarded certificates and prizes to them.

Provincial party committee Secretary Yin Kesheng spoke at the meeting. [passage omitted] He pointed out: Party organizations in party and government organs should concentrate their efforts on strengthening party building. To this end, first, special attention must be paid to the collective; second, ideological and political work must be stressed; third, importance must be attached to the building of the party system; fourth, discipline must be emphasized.

Yin Kesheng pointed out: At present some units are lax in discipline. During office hours, their staff play poker, chess, and table tennis and dance. Whenever they play, it usually takes 1 or 2 hours. However, leaders of these units turn a blind eye to these things and become used to them. Why should they not interfere in such phenomena? I suggest that discipline in these organs be strengthened so that they do intense but orderly work and serve the people in a careful and thoroughgoing way.

In his speech, Yin Kesheng also noted: Exercising inner-party supervision has always been a fine tradition of our party. Party organizations should maintain supervision over their members, and particularly over party-member leading cadres, and party members should supervise each other. The method for exercising supervision over many years is to make criticism and self-criticism. Under the new historical conditions, strengthening inner-party supervision is more significant than before. In party and government organs, party organizations should focus supervision on party-member leaders. At present such supervision should be strengthened in order to free party and government organs from corruption. To achieve it, they should strictly observe law and discipline and not pervert justice for a bribe; should decide cases according to law and fulfill their tasks and not abuse power for personal gain; and should work hard under difficult conditions and not indulge themselves in extravagance and waste. All party members working in party and government organs, and especially party members in leading positions, should of course set an example in this aspect.

Qinghai Secretary Outlines Future Tasks

HK0107021188 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 30 Jun 88

[Excerpts] At a monthly meeting convened by the provincial party committee today, Comrade Yin Kesheng reported on the province's work in the 1st half of the year, and proposed that it is necessary to analyze the situation, unify understanding, brace spirits, and continue to work hard at the tasks for the 2d half of the year. [passage omitted]

He said: We are facing many difficulties and problems. The main ones are: Our strides in reform are not great enough; and the economy is not lively enough. In view of this, he stressed that we must not just look at the existing problems without seeing our achievements, nor must we neglect the discrepancies and shortcomings in our work.

Comrade Yin Kesheng said: A few comrades have the idea that everything in Qinghai is backward and lousy, and they develop the generalized idea of blaming everyone and everything but themselves. We should admit that this is a relatively backward province, but we also have our strong points and potentials for development. What we need is for everyone to put their brains to work, strive to catch up, and make a success of all items of work.

On the work for the 2d half of the year, Yin Kesheng discussed the following points: In education in the basic line, we must highlight the study and discussion of the productive forces criterion. We must place in the primary position further emancipating our minds and changing our concepts. [passage omitted]

We must step up propaganda on price reforms, including propaganda on price theory and policy. Through this propaganda, we should update people's concepts and guide the masses to gradually establish a consciousness of prices in conditions of commodity economy, to enable the cadres and masses to understand that the goal of price reforms is to stimulate the development of the social productive forces, and that people's living standards can only be improved on the basis of the development of production.

He emphasized: Resolutely and tangibly exposing and cracking down on illegal price hikes and behavior that harms the consumers constitutes protection of the masses' interests and will benefit stability and unity and help the cadres and masses to work with ease of mind. The industrial and commercial and price departments must fully exercise their responsibilities and do a thoroughly good job in market and price control work. They must effectively resolve problems of indiscriminate price hikes. At the same time the leaders of units and departments must strive to do more to improve staff and workers' living conditions and their welfare, pay, and conditions.

Yin Kesheng also spoke on seriously studying and implementing the Enterprise Law, and reminded everyone to seriously explore contract forms that can stimulate the enthusiasm of all the staff and workers. [passage omitted]

Yin Kesheng also reiterated the question of strengthening unity and discipline. He called on everyone to proceed from Qinghai's reality as a multinationality and sparsely populated province in regarding the strengthening of nationality solidarity as a regular content of education. In view of the gravely lax state of discipline in

some organs and departments in the province at present, he said that the organs must straighten out discipline. The arrangements made by the CPC Central Committee and State Council and the resolutions of the provincial party committee and government must be implemented without hindrance in our leadership organs at all levels. [passage omitted]

After citing current problems in social order, Yin Kesheng said that it is necessary to strengthen the building of work style and professional competence in the political and legal contingent. The cadres and policemen in the political and legal departments must strictly observe law and discipline. [passage omitted] They must set strict demands, enforce strict discipline, and resist corruption by unhealthy trends and rottenness.

Qinghai Conference Stresses Housing Reform
HK3006151088 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 29 Jun 88

[Excerpts] A provincial work conference on reform of the housing system, which ended today, has decided that reform of the housing system in our province will be carried out in an overall way in three stages in the next 5 years. The conference determined that the work should symbolize the spirit of combining vigorous measures with safe plans and appropriate methods, and should be based on different specific conditions and different economic foundations in different places. [passage omitted]

The meeting pointed out: In accordance with a provincial plan for reform of the housing system, the major tasks are to change the fund distribution system, gradually bring funds for housing consumption into the usual channels, transform the present unseen subsidy of spending large amounts of money to build and repair houses into an open subsidy, change the present planned management structure under which houses are regarded as an investment in fixed assets, and introduce a management structure characterized by guidance plans under which houses are taken as commodity production. Meanwhile, efforts should be made to bring different kinds of housing funds into better balance through the supporting reforms to be implemented in the financial, tax, wage, banking, price, and real estate management so as to step by step introduce a mechanism that can lead housing funds into a benign cycle. Moreover, it is necessary to readjust the industrial structure and open up the real estate market so as to channel the development, management, and service of real estate into the whole society large cycle of the planned commodity economy. [passage omitted]

Qinghai Meeting Views Media Reform Problems
HK0107023388 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 30 Jun 88

[Excerpts] On 28 and 29 June, responsible persons of more than 20 media units attended a forum on journalism reforms to explore the path of these reforms in Qinghai. [passage omitted]

The participants unanimously felt that although media circles in Qinghai have made some progress in reforms, there is not enough exchange between inside and outside. They felt that other parts of China, and indeed the whole world, know very little about Qinghai. The comrades particularly raised the problems in conducting criticism and of insufficient scope for the supervisory role of the media. The problem of too many meetings and too little improvement in reporting them remains conspicuous.

Some comrades held that to resolve these problems and make news reporting more lively and open, it is first necessary to emancipate the minds of the provincial and city leaders and make their work transparent.

(Fang Juejia), deputy secretary of the provincial party committee, took part in the forum, and seriously listened to everyone's views. [passage omitted] He encouraged

the comrades in journalism circles to go more into life and into reality and introduce Qinghai more to the outside world, so as to promote mutual understanding and knowledge.

He said: It is indeed necessary to enhance the degree of openness and transparency, but it is necessary to explore what is meant by a high degree of transparency. He stressed as before that press criticism must be factual and accurate. Those criticized must take a correct view of the criticisms.

This new deputy secretary of the provincial party committee also exchanged views on reporting on social consultation and dialogue, giving scope to the supervisory role of the media, and simplifying and improving reports on meetings. [passage omitted]

Independence, Relations With Mainland Reviewed
HK3006023188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 25, 20 Jun 88 pp 21-23

[Article by Wang Hsiao-po (3769 2556 3134): "The Post-War Taiwan Independence Movement and Prospects for the Relationship Between Both Sides of the Strait"—originally published in TAIWAN YANJIU No 2]

[Text] Editor's note: During his mainland visit with relatives last February, Wang Hsiao-po, noted academic in Taiwan's historical scientific circles, was invited to deliver an academic report on "The History of the Relationship Between Both Sides of the Strait and an Analysis of Its Prospects" at the Taiwan Research Institute of the Chinese Academy of Social Sciences. His report was well received by the participants for its rich, full, accurate data and sound analyses. After the meeting, he sorted out the draft of his speech at our request. We now reprint excerpts of the article and offer them to the readers. [end editor's note]

The split between both sides of the Taiwan Strait after the war is related to China's decline in modern times and the long-drawn-out civil war between the KMT [Kuomintang] and the CPC, as well as the U.S.-Soviet confrontation in the western Pacific since the Korean War. The pro-Taiwan-independence view in the world (chiefly the United States and Japan) and the growing Taiwan independence movement on the island are also related to the above-mentioned factors, and they will also change with the change of factors.

The Taiwan independence movement on the island is related not only to the pro-Taiwan-independence view in the world but also to the KMT rule over Taiwan and the CPC's policies and measures since the founding of the PRC. Therefore, we should not approach the post-war Taiwan independence movement on the island in an oversimplified manner. We should try to understand it by analysing the international, domestic, historical, and practical levels.

External Factors in the Taiwan Independence Movement—the U.S. Taiwan Policy [subhead]

The U.S. Taiwan policy is most closely related to the post-war Taiwan independence movement, but this issue should be discussed in light of the Pentagon's "Far East Strategic Group" in World War II. (George Kerr) [qiao zhi ke er 0829 3112 4430 1422], who wrote two books, "Taiwan Betrayed" and "Taiwan in the Face of a Crisis." Kerr was a U.S. naval intelligence officer at that time, and a "Taiwan hand" transferred to the "Far East Strategic Group." In "Taiwan Betrayed," he wrote: "History pointed out long ago Taiwan's military strategic importance in the periphery of the western Pacific. It also pointed out that Taiwan's resources and industrial

development are so much superior to the provinces on the Chinese mainland that we can hardly afford to lightly hand over Taiwan's control to the Chinese."

In fact, in his remark "history pointed out long ago," the "history" refers to the view of Perry, a U.S. naval admiral of the 19th century.

Perry encouraged changes in Taiwan's politics and internal affairs. He said: "The United States should independently take this initiative.... The island directly faces China's numerous major trading ports. If sufficient naval forces are stationed on the island, it can control not only these ports but also the entrance to China's territorial waters in the northeast."

It was the "Cairo Declaration" signed on 1 December 1943 that returned Taiwan to China, but the decision was overshadowed by the United States fear that Chiang Kai-shek's cease-fire or peacemaking with Japan would increase military pressure on the United States in the Pacific War. In the "Cairo Declaration" the United States promised to return Taiwan to China. However, in keeping with the stand of the U.S. military authorities, the promise was not sincerely made. Kerr said: "The declaration was nothing more than a carefully drafted official document and a promise to divide war trophies dangling before the suspicious Chinese."

The U.S. military did not regard the promise to return Taiwan to China as something important and, in fact, worked out plans to occupy Taiwan.

However, during the war the United States was unable to occupy Taiwan because Japan had surrendered too early.

Japan surrendered on 15 August 1945, making it impossible for the United States to occupy Taiwan first. However, it did not give up its activities to "put Taiwan under trusteeship" simply because China had taken over Taiwan.

Taiwan's ability to avoid being placed under trusteeship or becoming "independent" was decided at the Far Eastern Policy Forum personally presided over by U.S. Secretary of State Dean Acheson on 26-27 December 1949. The meeting decided: 1) To cancel military aid to the KMT Government and its troops; 2) to expand and take advantage of the tensions between Moscow and Beijing; and 3) to give up using diplomatic recognition (at that time Western countries were discussing the question of recognizing Communist China) in exchange for obtaining China's concessions and giving up the U.S. attempt to occupy Taiwan by force and the proposal to apply for trusteeship to the UN on the pretext of national self-determination for Taiwan. However, the United States was prepared to agree if other countries should make this proposal to the UN.

Due to the Korean War, which broke out the following year, the first decision was changed. With regard to the third decision, during the Korean War, President Truman had contemplated using American troops under the command of General MacArthur, which were stationed in Japan, to disarm the KMT and "return" Taiwan to Japan but it was given up at Acheson's objection. Therefore, in the past 40 years the second and third decisions have always been the U.S. "established policies," namely, "approving neither reunification nor independence," "favoring independence while upholding a central line," and "approving reunification in public but favoring independence in private."

Judging from the U.S. Taiwan policy in the past 40 years, we can generally sum up points at three different levels, namely, "using Chiang to contain (Taiwan's) independence," "using Chiang to contain Communist China," and "using Communist China to contain the Soviet Union." Needless to say, the highest U.S. global strategic interests lie in "using Communist China to contain the Soviet Union" for "tension between Moscow and Beijing is favorable to the United States."

Internal Factors in the Taiwan Independence Movement—the February 28 Incident and Others [subhead]

The Taiwan independence movement has its external factors and is inseparable from U.S. imperialist policy in the Far East. However, it would be impossible for these external factors to influence Taiwan Island if there were no internal factors.

In 1945, soon after Japan declared unconditional surrender, some traitors in Taiwan and some young and vigorous Japanese military personnel plotted to defy the imperial edict of surrender and declared Taiwan's independence. However, they never succeeded and their plot ended only in a farce. On 25 October, Taiwan reverted to China. However, due to the poor discipline of the troops arriving in Taiwan and the corruption of officials, the February 28 Incident broke out in less than 6 months. Highly disappointed with the KMT and the motherland, some Taiwan compatriots echoed the U.S. policy for Taiwan independence.

Nevertheless, the February 28 Incident was a necessary but not an ample condition of the "internal factor" in the Taiwan independence movement. If the KMT had enjoyed the support of Taiwan compatriots, it would have been impossible for the Taiwan independence movement to have people's sympathy.

Moreover, the contradiction between people from different provinces is also an internal factor contributing to the Taiwan independence movement. Immediately after the reversion of Taiwan to Chinese sovereignty, most of the people in ruling positions in Taiwan were people from other provinces arriving from the mainland; those being ruled were people from Taiwan. This condition was even more serious when the KMT Government

moved to Taiwan in 1949 and when the country's ruling hierarchy (almost invariably people from other provinces) was placed over the Taiwanese. The contradiction between the rulers and the ruled was thus tantamount to one between those from other provinces and those from Taiwan. This is a necessary but not an ample condition of the Taiwan independence movement. In addition to their disappointment at the "white motherland," some Taiwan compatriots have taken the road of Taiwan independence because they have been disappointed at the "red motherland." After seizing power on the mainland in 1949, the CPC rigorously conducted class struggle. As far as the Taiwan bourgeoisie was concerned, this was nothing short of "killing the chicken to frighten the money." This, plus the later development of Taiwan's export-oriented economy, cannot but provide the new emerging middle class with a strong comprador character. Being disappointed at both the "white motherland" and the "red motherland," some of them are inclined to echo the U.S. Taiwan policy—Taiwan's separatism.

The 10-year "Cultural Revolution" profoundly damaged the CPC's "moral image." After the "Movement To Protect Diaoyutai Island," the "reunification movement" of Chinese students studying in the United States was rapidly demoralized. Meanwhile, the democratic movement of the post-war generation has vigorously developed since the "Chungli Incident" (1977). The younger generation has lost its political identity.

Moreover, "the alienation of national identity" has gradually emerged among the younger generation. According to a "belief trend" survey conducted among Taiwan university students, 35.5 percent of students hold that they are Chinese; 14.5 percent hold they are Chinese/Taiwanese; 20.3 percent hold they are either Chinese-Taiwanese or Taiwanese-Chinese; 14.9 percent hold they are Taiwanese/Chinese; 8.8 percent hold they are Taiwanese; and 5.9 percent hold other views. That is to say, at least 8.8 percent of Taiwan students hold they are Taiwanese having nothing to do with Chinese.

The fact that most of the "alienation of national identity" has emerged among the younger generation is generally due to the following principal factors:

—The inappropriate anti-communist propaganda conducted by the KMT. In its anti-communist propaganda, Taiwan has vilified not only the CPC but also the mainland under its control. After the PRC was internationally recognized as representing China, some Taiwan compatriots who pledged not to be in the same country as the "communist bandits" had to regard themselves as representing the "Taiwan state."

—Following the complete isolation between both sides of the strait in 1949, Taiwan compatriots of the younger generation have lost the basis for a perceptual knowledge of the Chinese mainland. This isolation is more serious than that during the Japanese rule.

—In addition to political isolation and isolation in space, there has also been a "historical fault" in Taiwan following its reversion to China. People of the anti-Japanese generation during the Japanese rule, especially those of the 1950's, were either imprisoned or had died. As a result, the history of the anti-Japanese generation has become taboo in Taiwan's politics. After the 1950's, the "imperial families" wielding power politically, socially, and economically became "powerful people" among the Taiwanese while the deeds of Taiwan's anti-Japanese generation, who had ideals and integrity, were forgotten, making it impossible to foster the national spirit among Taiwan youths.

Given the "alienation of national identity," the loss of political identity, and the long-standing propaganda glorifying the United States, some Taiwan compatriots regard the U.S. Taiwan policy to "divide and rule" as a way out for Taiwan.

The Difficult Problems Faced by Taiwan [subhead]

It is also necessary to analyze the factors contributing to the development of the Taiwan independence movement to see whether it is possible to achieve independence.

The external factor in the Taiwan independence movement is chiefly the U.S. Taiwan policy. To achieve the aim of "using Chiang to contain Communist China," the United States implemented the policy of "using the Taiwan independence movement to contain Chiang." Herein lies the U.S. strategic interests. However, the highest U.S. strategic interests still lie in "using Communist China to contain the Soviet Union." Basically the United States does not want Communist China to return to the situation in the 1950's when it "allied itself with the Soviet Union against the United States." Naturally, on the basis of an "antihegemony united front," Communist China might force the United States to gradually make concessions on the Taiwan issue.

Of course, it is hard to force the United States to make concessions for it will not lightly give up its "supplementary strategic interests" in Taiwan. Although China's policy of "one country, two systems" can ensure U.S. economic interests in Taiwan it cannot meet U.S. strategic interests. Perhaps it is possible for the United States to strengthen its position on the Taiwan issue through "rapprochement" with the Soviet Union. However, the U.S.-Soviet global contradictions are apparently not so easy to solve.

Comparatively, the economic reform has enabled China to gradually improve its economy. Its total output value ranks ninth in the world (however, due to its huge population, the people's living standards are still very low). Therefore, on the Taiwan issue, Beijing will also gradually increase its pressure on the U.S. With the growth and decline of the relative strength of China and the United States, it is not known when Beijing can force

the U.S. to retreat from its stand on the Taiwan issue but it is unlikely that the United States will openly support the Taiwan independence movement. Therefore, although the external factor in the Taiwan independence movement has not been completely eliminated, it is gradually disappearing. Naturally, Japan, the new industrial power, will possibly become a new external factor in the Taiwan independence movement and its influence still lies deep within the right wing of the Liberal Democratic Party.

As far as the internal factor is concerned, due to the gap in the political system and living standards between both sides of the strait, the conditions for reunification are still not ripe. However, with the deepening of the political and economic reforms on the mainland and the announcement on the restoration of pluralistic ownership at the initial stage of socialism, the gap between both sides will gradually narrow.

Moreover, following the U.S. economic recession and the setback suffered by Taiwan's capital and commodities on the U.S. market, Taiwan's best way out will be the Chinese mainland. Because the mainland economy is developing from heavy industry to light industry, while Taiwan is developing from light industry to heavy industry, a situation of "mutual economic supplement" is taking shape between both sides. This, plus Communist China's economic policy toward Taiwan, will make it possible for both sides of the strait to achieve economic cooperation earlier than political cooperation. The reform progress on the mainland and the improvement in its material conditions will inevitably transform the superstructure. Moreover, as a result of relaxed control over family visits, exchanges between both sides of the strait, intermarriages, and intertrade, as well as various other academic and cultural exchanges, the hostility will disappear. This will help remove the "alienation of national identity."

As far as the island is concerned, the Taiwan independence movement must face contradictions which are difficult to solve.

First, the contradiction between people from other provinces and those from Taiwan. In an effort to unify a spiritual identity for the establishment of an independent state, the Taiwan independence movement cannot but raise the contradiction between people from other provinces and those from Taiwan to the unreasonable plane of national contradiction. Hence the emergence of the "Taiwan national theory." Although the national theory has a strong unifying force internally, it also has a strong repelling force externally. The Taiwan independence movement consists mainly of Taiwan compatriots speaking the southern Fujian dialect. In addition to the those speaking the southern Fujian dialect, the present population structure in Taiwan includes 22 percent of people from southern China, 15.8 percent of people from

other provinces, and 20 percent of local people. Although people speaking the southern Fujian dialect are in the majority, they do not account for the overwhelming majority.

Second, the accusation equating people from other provinces with rule by a different race or foreign power has also effected changes in Taiwan's society. The KMT policy of favoring native inhabitants has enabled people of Taiwan origin to join the decisionmaking strata. In particular, following Chiang Ching-kuo's death, Li Teng-hui, a person of Taiwan origin, took up the posts as Taiwan's president and acting chairman of the KMT. The contradiction between people of other provinces and those from Taiwan has lost its political foundation as an accusation.

Moreover, as far as the social structure is concerned, people from other provinces were not Taiwan's ruling class long ago.

A survey in Taiwan shows that people from other provinces in possession of production tools only account for 16.3 percent of the population, while people from Taiwan itself in possession of production tools account for as much as 36.6 percent; 83.8 percent of people from other provinces sell their labor, while only 63.3 percent of people from Taiwan do so. How can the Taiwan independence movement regard as a target of its social and moral attack people from other provinces, 83.8 percent of whom support their living by the sale of their labor?

In addition to the contradiction between people from other provinces and those from Taiwan, the Taiwan independence movement also faces the contradiction between class interests and its political objective.

Members of the Taiwan independence movement have penetrated into the Tangwai [outside the KMT] movement and the Democratic Progressive Party. But the social basis supporting the Tangwai movement in Taiwan comes from small and medium-size enterprises or the middle class. Today, the small and medium-size enterprises in Taiwan are facing both the sealing tape of U.S. protectionism and the appeal of markets and investment in Mainland China. Given this condition, the mainland market has become the most attractive way out for Taiwan's small and medium-size enterprises. When Taiwan's economy forms an organic link with the mainland, how can the Taiwan independence movement attain its political objective? If the political objective of the Taiwan independence movement undermines the economic interests of small and medium-size enterprises, how can they continue to support it? The Taiwan independence movement may perhaps be unable to solve this contradiction.

Third, it is the small and medium-size enterprises that support the Tangwai movement but it is the working class, which is subject to most serious exploitation, that

has overwhelmingly voted for the Tangwai opposition. After the founding of the Labor Party, the consciousness of Taiwan's workers has increasingly grown. The Taiwan independence movement finds itself in a dilemma. Will it seek votes or bosses? Although the Democratic Progressive Party has also started to involve itself energetically in the Taiwan labor movement, it does not mean that it is capable of solving this contradiction.

Peaceful Reunification Depends on China's Strength and Democracy [subhead]

The Taiwan independence movement on the island is also aware of its critical situation and the American Taiwan policy of "supporting reunification in public but supporting independence in private." At the end of last year, in a circular distributed in the streets of Taiwan, the "Taiwan Association in Support of Victims of Political Incidents" pointed out: The current international situation is not very favorable to the idea of Taiwan independence. Over the past year, however, although the U.S. Government has orally placated Communist China and the KMT, there are growing indications that the U.S. Taiwan policy will develop in a direction favorable to us.

The economic reform policy of Communist China also poses a serious threat to the idea of the Taiwan independence movement on the island. The radical faction of the movement has rushed out into the open and issued a call to the masses for a "war of independence." At a mass meeting held in Peikang on 13 November 1987, the "Taiwan Association in Support of Victims of Political Incidents" made this argument.

However, this warlike argument will only frighten the middle class supporting the Tangwai movement, and will not arouse sympathy among the masses.

According to the above-mentioned analyses, there is still a certain market for the Taiwan independence movement on the island. However, with the development of the international situation, the progress of the mainland's economic reform policy, and the democratization of Taiwan's politics, the Taiwan independence movement will find it increasingly difficult to win the support of the masses in Taiwan.

But this process of transformation is not without its conditions. It should be coordinated by the policies of both the KMT and the CPC.

On the KMT side, it should be more liberal so as not to provoke the resistance of the Taiwan independence movement. It should also considerably relax controls over exchanges between both sides of the strait to prevent the growing "alienation of national identity" among Taiwan compatriots of the younger generation.

On the CPC side, it should further deepen the economic reform, speed up the political reform, and relax freedom of speech by the people and intellectuals so that they can participate in, and quicken the pace of, political reform. For the sake of the future peaceful reunification of the motherland, the mainland side should voluntarily and vigorously remove the hostility accumulated over decades of KMT-CPC civil war.

Patriotic Chinese all over the world eagerly look forward to the peaceful reunification of the motherland. The Taiwan compatriots have misgivings about reunification because they have misgivings about the CPC. They have these misgivings because the CPC has followed an erroneous path over the past 20 years since the "Antirightist Movement." These misgivings cannot be eliminated overnight, it depends on how the CPC restores its image in the future.

To bring into play its positive role in the peaceful reunification of the motherland, the CPC should, in addition to economic construction, quicken the pace of political reform and democratization.

The prospects for the peaceful reunification of the motherland are bright but the path is still fairly long and arduous. It is hoped that Chinese on both sides of the strait will cooperate hand in hand and strive for a peaceful, unified, and democratic motherland.

Government Revises Indirect Trade Measures
OW2906102488 Beijing XINHUA Domestic Service
in Chinese 1418 GMT 20 Jun 88

[Excerpts] Hong Kong, 20 Jun (XINHUA)—Taiwan's "Executive Yuan" has approved revised measures on guiding and controlling import and export firms. The new measures allow Taiwan trading companies and manufacturers to set up offices in Hong Kong and then report their actions to the authorities. Taiwan's "LIEN HO PAO" says the revised measures are "conductive to exchanges between Taiwan and mainland businessmen through Hong Kong." [passage omitted]

According to the report, after the new measures take effect, "Taiwan's companies and manufacturers will be able to set up offices in Hong Kong as forward bases for indirect trade with the mainland. The establishment of Hong Kong offices will facilitate information gathering and help develop business."

An official of Taiwan's "Ministry of Economic Affairs" pointed out that "indirect trade means that trade between Taiwan and the mainland must go through third parties." He noted: "Many Taiwan companies and manufacturers have set up trading firms in Hong Kong without authorization. With local people acting as their responsible persons, such firms enable Taiwan companies and manufacturers to hold direct trade talks with their mainland counterparts." He acknowledged that "while using Hong Kong companies as go-betweens

conforms with Taiwan's 'policy,' direct contact between businessmen from the two sides of the Taiwan Strait has existed for a long time, and has become more frequent with each passing day." However, he emphasized that "all business activities must conform with Taiwan authorities' indirect trade requirements, at least in appearance."

Investments in Mainland Economy Increase
HK2906112988 Beijing CEI Database in English
29 Jun 88

[Text] Beijing (CEI)—Entrepreneurs from Taiwan have so far cooperated with the city of Beijing in ten projects involving total investment of 140 million U.S. dollars.

According to a city official, more than 110 million dollars came from the Taiwan entrepreneurs, constituting 76 percent of the total.

Of these ten projects, a knitgoods company and a snack bar have already started operation while the other eight involving textiles, toys, plastics, shoe-making, food and hotels are under construction.

It is learnt that more and more entrepreneurs from Taiwan have shown interest in investing in Beijing, and the projects involved are being shifted from hotels to factories. At present, some 20 projects are under discussion.

More Taiwan People Expected To Visit Mainland
HK2806135888 Beijing ZHONGGUO XINWEN
SHE in Chinese 1340 GMT 27 Jun 88

[Text] Hong Kong, 27 Jun (ZHONGGUO XINWEN SHE)—News from Taipei: According to today's LIEN HO PAO with the arrival of summer vacation and the peak tourist season, over 100,000 Taiwanese are expected to visit their relatives and travel on the mainland during the next 3 months.

Chen Yao-chih, director of the Taipei City Travel Trade Association, said: During the last month the Hong Kong Immigration Department has issued hundreds of thousands of transit visas to people from Taiwan. They include those who went to the mainland to visit their relatives and to travel there, and those who joined Southeast Asian tours which included Hong Kong as one of their destinations. Of the latter, most went sightseeing on the mainland.

According to Hong Kong Immigration Department statistics, from last January to May the number of Taiwan people going to the mainland via Hong Kong amounted to over 219,000. Among these, some 100,000 registered with the Taiwan Red Cross to visit their relatives on the mainland. Currently, the Taiwan people who travel and go sightseeing on the mainland outnumber those who visit their relatives there.

Mainland Vice Minister Welcomes Visiting Group
HK0107071188 Beijing ZHONGGUO XINWEN
SHE in Chinese 1207 GMT 28 Jun 88

[Report by Zhou Jianmin (0719 1696 7044): "Ying Ruocheng Meets With a Visiting Group of Economic and Cultural Figures From Taiwan"]

[Text] Beijing 28 Jun (ZHONGGUO XINWEN SHE)—Vice Minister of the Ministry of Culture Ying Ruocheng met with a visiting group of economic and cultural figures from Taiwan headed by chairman of Taiwan's Chinese Industrial and Commercial Management Association Fan Guangling here this afternoon. Ying Ruocheng extended a warm welcome to compatriots from across the Taiwan Strait.

Ying's late father, Ying Qianli, was head of the English Language Department of Taiwan University years ago, and taught Fan Guangling and the group's advisor Professor Li Zhongxi. They were overjoyed at the interview with their teacher's son in Beijing.

The incumbent vice minister of the Ministry of Culture briefed the visiting group on the work of the ministry, and explained the mainland government's policies and ways to promote cultural exchange such as publication of books and performances, between the mainland and Taiwan. He told the group Taiwan's writers and friends from cultural circles are welcome to publish books and give lectures in the mainland in order to intensify the cultural exchange between both sides of the strait.

Spurning Liberia, Lesotho, Ecuador Ties Denied
*OW3006012788 Taipei CNA in English 1538 GMT
29 Jun 88*

[Text] Taipei, June 29 (CNA)— Foreign Minister Ding Mou-shih Wednesday strongly denied rumors that the Republic of China (ROC) Government had rejected offers from Liberia, Lesotho, and Ecuador to establish diplomatic relations.

In a public TV interview, Ding said such rumors are "totally groundless."

Lesotho expressed a willingness to improve economic and technical cooperation relations with the ROC after its pro-Western government took power in a coup in 1985, Ding said, but the South African nation has not proposed establishing diplomatic ties.

The same is true of Liberia, the minister said. The Liberian Foreign Minister visited the ROC twice, last October and in February, in a bid to cement trade and economic relations with the nation, but he responded negatively to ROC overtures to strengthen political ties between the two countries, he said.

As to Ecuador, Ding said that although the Central American nation formally recognizes the ROC Trade Representative Office in its capital and maintains a trade mission in Taipei, it is unwilling to establish formal relations with the ROC, which currently imports 15,000 barrels of oil from Ecuador annually.

Navy Seizes 'Suspicious' Mainland Fishing Boats
*OW0107041588 Taipei CNA in English 0240 GMT
1 Jul 88*

[Text] Taipei, July 1 (CNA)— The Republic of China [ROC] Navy Thursday seized eight suspicious mainland Chinese fishing boats drifting off the northeastern coast of Taiwan late Wednesday night, the Ministry of National Defense reported Thursday.

The ministry said ROC naval warships seized the mainland boats near Kueishan Island, off Yilan, and towed them to a nearby port early Thursday morning. Crew members of the boats were being interrogated by military units, it said.

Many mainland fishing boats have recently gathered near the island at night, the ministry said. Since their motives were unclear and their operations have threatened local fishing boats, the Navy decided to seize the suspicious mainland fishing boats in order to safeguard the security of the territorial waters.

No Change in Mainland's '1 Country, 2 Systems'
*HK2906065188 Hong Kong SOUTH CHINA
MORNING POST in English 29 Jun 88 p 9*

[By Terry Cheng]

[Text] The mainland Government is opposed to any moves that give Taiwan's Kuomintang (KMT) government the same status as itself and is sticking to the "one country, two systems" offer to the island.

This is the view of the director-general of the Centre for International Studies of the Chinese State Council, Dr Huan Xiang, who denied that China would review the feasibility of "one country, two systems" policy with regard to Taiwan.

Recently, some sectors in Taiwan have been promoting the concept of "dual recognition"—simultaneous recognition of both Beijing and Taipei governments by other countries.

The concept is associated with the theory of the "multi-systems nation" in which the two contending governments of a "divided nation" receive the same international recognition.

The theory was first introduced in the 1970s by a Taiwan cabinet-ranking official, Dr Wei Yung, in his capacity as a political science scholar. He elaborated on the theory when questioned in the Legislative Yuan late last year.

He argued that international law should conform to the realities of the "divided nation" and accord recognition to the two contending governments.

Other theories have been put forward, including "one country, two seats" advocated by Professor Winston Yang of Seton Hall University, New Jersey. This suggests there would be only one China, but both governments would be recognized.

Dr Huan, who is visiting Hong Kong, told the SOUTH CHINA MORNING POST this week that Beijing was opposed to "dual recognition", "multi-systems nation" and "one country, two seats" arrangements for Taiwan.

Being a unitary state, China cannot consider them. In the mainland's view, there can only be a central authority in Beijing, while Taipei can only be a local authority.

Dr Huan said there were cases in which a country could have more than one seat in international organizations, one such example being the United Nations where the Soviet Union has three seats (and therefore votes)—the Soviet Union itself, plus two union republics within the Soviet Union.

But they are all under the Central Government in Moscow, he said.

Dr Huan was last week reported to have said that China would study again the feasibility of the "one country, two systems" plan regarding Taiwan.

The KMT Government in Taiwan has long rejected the offer, saying that it would reduce its status to that of a local authority.

If the mainland were to review the plan, it could lead to a policy shift towards Taipei.

However, Dr Huan has denied saying this. What he had said was that Taipei should sit down and talk to Beijing.

Not only are there no indications Beijing is thinking of changing its policy, but mainland spokesmen have been talking tough lately in relation to Taiwan.

In a recent issue, OUTLOOK WEEKLY warned that the mainland would not be idle if the KMT "endlessly delayed" reunification.

However, not all on the mainland think the concept of Beijing and Taipei governments having a similar status is impossible.

The director of the Institute of Political Science under the Chinese Academy of Social Sciences, Mr Yan Jiaqi, proposed in Hong Kong last week that the mainland, Taiwan and Hong Kong could form a model similar to a federation.

In reality, China is a unitary state, but under it the component parts could have the power of federation members, he said.

Mr Yan, whose thinking is unconventional on the mainland, said the exploration of the federation concept was not only good for the reunification of Taiwan and Hong Kong with the mainland, but would be conducive to China because its politics were highly centralized.

Dutch-Built Submarine To Arrive 30 June
OW3006034588 Taipei CNA in English 0258 GMT
30 Jun 88

[Text] Taipei, June 30 (CNA)— The second submarine the Republic of China [ROC] purchased from the Netherlands will arrive at a naval base in southern Taiwan Thursday, the Ministry of National Defense announced Wednesday.

The ministry said the Swordfish Class submarine, named "Hai Hu" (Sea Tiger), can join the Navy at any time and will surely be helpful in boosting the ROC's anti-submarine capabilities.

The ministry also said that the first submarine, dubbed the "Hai Lung" (Sea Dragon), ordered from the Wilton Fejenoord Shipyard of the Netherlands has shown outstanding capabilities after half a years training, tests, and exercises.

Since the "Hai Hu" is identical to the "Hai Lung" in equipment, armament, and navigation systems, the arrival of the "Hai Hu" will surely upgrade the nations anti-submarine capabilities, the ministry concluded.

The 2 diesel engine-propelled submarines have cost the ROC NT [new Taiwan] \$29.64 billion (U.S. \$1,025.6 million), which includes the construction, weapons systems, other equipment, and crew training.

The arrival of the "Hai Hu" will bring to four the number of the nations submarines.

The Dutch-built submarines are 66.9 meters in length and 8.4 meters in width. With a water displacement of 1,900 tons, they have a cruising speed of 13 knots when surfaced and 12 knots when submerged.

President on KMT National Congress Aims
OW3006034088 Taipei CNA in English 0304 GMT
30 Jun 88

[Text] Taipei, June 30 (CNA)— President Li Teng-hui, as the acting chairman of the Kuomintang [KMT], said Wednesday that the 13th KMT National Congress will specifically exhibit a far-sighted and creative spirit in coping with the changes of the time and meeting future demands.

He hopes that the glorious tradition of the KMT, its determination to implement democratization, its highly efficient leadership, and its aggressiveness will be on display during the upcoming KMT Congress.

The acting chairman made his remarks while presiding over a regular meeting of the Central Standing Committee, the last such meeting before the 13th Congress opens July 7.

The epoch-making congress, Li said, is not only drawing close attention from all KMT members, compatriots at home and abroad, and the international community, but has also spawned high expectations. "That explains why our burden is heavy", he noted.

"Although the congress is a mere party meeting, the outcome of the meeting will surely have an important influence upon the Republic of China's future development and the wellbeing of the public because the KMT is the ruling party. "We must pool our wisdom and strength to ensure the fulfillment of the congress potential," Li said.

Li said that since hearing a briefing last Saturday about preparations for the congress, he is convinced that the congress will be a big success.

Meanwhile, the Central Standing Committee approved election procedures for the selection of the 180 members of the next KMT Central Committee.

The election measures, proposed by the KMT Department of Organization Affairs, will involve a dual nominating system. Candidates for the Central Committee slots can either be nominated by the party chairman or jointly endorsed by a minimum of five delegates to the congress.

John C. Kuan, director of the Department of Organization Affairs, told the press after Wednesday's Central Standing Committee meeting that the candidates nominated by the party chairman may not necessarily be delegates to the congress, but those endorsed by delegates must be delegates themselves.

KMT Delegate Poll Approves Li as Chairman
OW2906051388 Taipei CNA in English 0240 GMT 29 Jun 88

[Text] Taipei, June 29 (CNA)—Ninety-one percent of the delegates polled to the 13th Kuomintang National Congress believe Kuomintang [KMT] Acting Chairman Li Teng-hui should be elected the next KMT chairman, a survey conducted by the non-profit Public Opinion Poll Foundation reported Tuesday.

The poll, commissioned by Legislator Chao Shao-kang, canvassed the opinions of delegates about the upcoming 13th KMT National Congress.

According to statistics released by the foundation Tuesday, 514 of the over 700 congress delegates reached by telephone responded to the survey.

52.9 percent of those responding say the new KMT chairman should be elected by the delegates to the KMT Congress; 25.9 percent say he should be nominated by the acting chairman and then elected by the Presidium; and 19.8 percent say he should be elected by the KMT Central Standing Committee.

Thirty-eight percent of the respondents believe the head of the current cabinet should be replaced after the KMT Congress; 74.2 percent believe the mayors of Taipei and Kaohsiung should be elected by city residents; and 62.2 percent believe vice chairman need not be added to the current KMT organization.

Premier Meets New Guatemalan Envoy
OW2906035688 Taipei CNA in English 0243 GMT 29 Jun 88

[Text] Taipei, June 29 (CNA)—Premier Yu Kuo-hua received Edwin J. Feulner, Jr., president of the Heritage Foundation of the United States and new Guatemalan Ambassador to the Republic of China [ROC] Carlos Oriol Jimenez Quiroa at the Executive Yuan Tuesday.

Premier Yu exhaustively exchanged opinions with Feulner on the nation's recent political development, the Government allowing people in Taiwan to visit the Chinese mainland for family reunion purposes, the trade issues between the ROC and the U.S., and the American presidential election.

During his meeting with Jimenez, Yu said the ROC Government has attached much importance to its diplomatic relationship with the Guatemalan Government and hopes that the bilateral ties can be further cemented.

Hong Kong

Advisory Committee Says Corruption Reports Down
OW3006055288 Beijing XINHUA in English
1510 GMT 29 Jun 88

[Text] Hong Kong, June 29 (XINHUA)— Reports of all corruption dropped 11 percent in 1987, while corruption reports involving the private sector hit a record high, a local official said here today.

Daniel Tse, chairman of the Advisory Committee on Corruption, said in the Legislative Council that Hong Kong's Independent Commission Against Corruption (ICAC) received 2,299 reports of corruption in 1987, 11 percent fewer than in 1986.

But, the ICAC's caseload and the 1,068 corruption reports involving the private sector were the highest ever.

In addition, the number of persons charged with offenses rose by 86 percent to 514, he said.

Both corruption reports against the police and against other government departments dropped 15 percent to 536 and 624 respectively, Tse said.

British Minister Glenarthur Arrives
OW2906201188 Beijing XINHUA in English
1151 GMT 29 Jun 88

[Text] Hong Kong, June 29 (XINHUA)— Lord Glenarthur, British minister of state at the Foreign and Commonwealth Office with responsibility for Hong Kong, arrived here today after his first visit to China.

He said that he will have two and a half busy days in Hong Kong and he will meet members of the Executive Council and Legislative Council.

He said that he had had some "interesting and very encouraging" talks with the Chinese Foreign Minister and Vice Foreign Minister during his visit in Beijing.

Lord Glenarthur was greeted at the airport by Hong Kong Governor David Wilson, Chief Secretary David Ford and other senior Hong Kong officials.

SRV Refugee Screening Begins 29 June
OW2906111388 Beijing XINHUA in English
0745 GMT 29 Jun 88

[Text] Hong Kong, June 29 (XINHUA)— The Hong Kong Government began screening among the Vietnamese boat people to separate economic migrants from genuine refugees today, a fortnight after the new policy was announced.

The delay was mainly due to the shortage of interpreters and other necessary facilities, local reports said.

Over the past two weeks, the flood of boat people from Vietnam entering Hong Kong has ebbed since tough new measures were adopted by the government, the "SOUTH CHINA MORNING POST" said today.

The number of arriving had dropped to about 100 a day compared with almost double that number intercepted daily in the first two weeks of the month, the paper said.

The paper quoted a security branch spokesman as saying that "it may be coincidence or it may be the weather. But we were not expecting to see any dramatic change for at least a month or so."

In April about 1,400 boat people arrived, followed by 2,000 in May and another 2,500 in the first two weeks of June.

Since then, over 1,000 new arrivals have entered Hong Kong— including 81 aboard three boats intercepted yesterday to bring the total number in Hong Kong to over 16,000.

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